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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' CARRIES ECONOMIC FORUM SPEECHES

HK310845 Beijing JINGJI YANJIU in Chinese No 12, 20 Dec 82 pp 3-21

["Excerpts of speeches delivered at forum studying the 12th CPC Congress documents by some economic researchers of the Economic Research Institute of the Chinese Academy of Social Sciences"]

[Text] Editor's note: Some researchers of the Economic Research Institute of the Chinese Academy of Social Sciences has recently held a forum on studying the 12th Party Congress report, and in particular discussing their understanding and appreciation of studying the second part of the report, that is, "Bring About an All-round Upsurge in all Fields of Socialist Modernization of the Socialist Economy." The comrades who made speeches unanimously supported the correct program of creating a new situation in all fields of socialist modernization and a series of principles and policies which were put forth by Comrade Hu Yaobang in his report to the 12th Party Congress. All participants tried their best to talk about what they have gained from studying some major problems of a theoretical and practical nature raised in the course of socialist modernization in terms of the integration of theory and practice. We have extracted and edited here some of the speeches delivered at the forum in their order of content. [End editor's note]

Speech Delivered by Liu Guoguang [0491 0948 0342]: "The Objective of Quadrupling Output Value Can Be Attained"

The 12th Party Congress formulated the objective of quadrupling the annual gross value of industrial and agricultural production in the last two decades of this century, that is, striving for an average annual increase of 7.2 percent. In my opinion, provided we conscientiously do the work well in all fields in accordance with the various requirements put forth by the 12th Party Congress, this magnificent objective can be realized. Grounds for my assertion are as follows:

First, seen from the facts of Chinese economic development in the past, the average annual growth rate of the total value of industrial and agricultural output was 10.9 percent during the first 5-year plan period; later, it was 6 percent between 1958 and 1965 in defiance of the economic development which suffered losses time and again; 8.5 percent between 1966 and 1978; and 6.7 percent during the 3 years between 1979 and 1981, a period when the rate of

increase slowed down due to economic readjustment. Taking the situation as a whole, the average annual growth rate during the 28 years between 1953 and 1981 was 8.1 percent, although we had taken quite a few detours. Once economic construction embarks in the future on a correct path, it will not be impossible to assume an annual growth rate of 7.2 percent.

Second, seen from the experience of other countries in quadrupling the output value in their economies, according to the data provided by a Chinese economist who listed data on West Germany, Japan, Britain, France, Italy, Brazil, Singapore and Tunisia, for example, with the per-capita "GNP" of more than 200 U.S. dollars as the point of departure, the time needed in reaching the per-capita "GNP" of 1,000 U.S. dollars was about 9 to 14 percent. According to the data for Romania, its per-capita national income in 1960 was 250 U.S. dollars and it reached 1,500 U.S. dollars in 1980. Romania increased its national income by more than 400 percent within 20 years. With this as an example, so long as we bring the superiority of the socialist system into full play, with the level of per-capita "GNP" of 291 U.S. dollars as the point of departure, it also will not be impossible to strive to quadruple the total output value of industry and agriculture within 20 years.

Third, in terms of financial and material resources, in accordance with the technical and economic targets which have been attained, it is very difficult to realize the objective of quadrupling the gross value of industrial and agricultural production with our present conditions in funds, energy and materials. However, it is precisely with such phenomena in the past as blind proliferation of enterprises, an irrational economic structure, defective economic administrative system, backward operation and management and production techniques, awfully poor economic results in many fields and appalling waste, that China still has an enormous potential in its economic development. For example, the present national income produced by every 100 yuan of accumulation and the taxes and profits yielded by every 100 yuan of funds are about 1/4 lower than those during the first 5-year plan period. Take energy as an example. The energy consumed in our country each year at present is 600 million tons of standard coal, which is almost the same as Japan. But the level of Japan's production is about 300 to 400 percent higher than ours. With the present energy consumption targets already met, more than 2 billion tons of standard coal of energy will be required to quadruple the total output value of industry and agriculture. However, China's energy supply by the end of this century will be about 1.1 to 1.2 billion tons of standard coal. This is far from meeting the needs of quadrupling the output value in industrial and agricultural production. If all trades and professions adopt effective measures to economize energy and raise the economic results of energy by 100 percent, we can guarantee the quadrupling of the total output value of industry and agriculture through doubled energy output. Furthermore, this is not impossible. There are similar cases in materials and funds. Only when we firmly grasp structural reform, the restructuring of systems and technical transformation and raise the various targets of economic results to a completely new height within 20 years can the capabilities of our funds, energy and materials ensure the needs of quadrupling the output value of industry and agriculture.

Fourth, again seen from the strategy for economic development and the formulation of plans, under the guidance of "leftist" thinking characterized by being over-anxious for quick results, while formulating development strategy and plans, in the past we deviated from China's reality and subjectively concentrated on high speed, and as a result, there were repeated ups and downs in our economic development. Things have now changed. While formulating the strategy and plans for economic development, the CPC will, in light of the existing conditions in China, invariably give consideration to 1) The requisite proportional relations; 2) premising the attainment of better economic results; and 3) the improvement of the people's livelihood. The documents of the 12th Party Congress clearly point out that the income of China's urban and rural population will increase several times over on the basis of the quadrupled gross value of industrial and agricultural production. In other words, the growth of the total value of industrial and agricultural production and of the income of the people during the coming two decades will be in a 4:2 ratio and the growth of the two in the nearly 30 years from 1952 to 1981 was at a 9:2 ratio. The harmony in proportional relations, the improved economic results and the better life of the people will contribute to the realization of our great strategic objective.

Fifth, proceeding from the "theory of base figure," some comrades argue that with a large base figure in China's present production, our growth rate can no longer be weighed by the relatively high speed achieved when our base figure was small, as was the case in the past; at the same time, the assumption of the quadrupling of output value in the coming two decades is based on the steadily rising growth rate, estimated as ranging from a growth rate of "ensure four, strive for five" during the "Sixth Five-Year Plan" period, higher than 7 percent during the "Seventh Five-Year Plan" period and higher than 8 percent during the "Eighth Five-Year Plan" and "Nine Five-Year Plan" periods; and furthermore this state of affairs "does not conform with the tendency that the bigger the base figure, the lower the growth rate will be." It must be noted that although the "theory of base figure" can also find some fragmental cases in history to prove this argument, it does not, however, entirely tally with historical facts. Historical facts are that under different socioeconomic conditions and different conditions of technical development, in a fairly long time, the changes in the growth rate of production may present a tendency of all kinds of different ups and downs. True, we must see that with a big base figure, every 1-percent increase in the growth rate of production demands greater energy and effort to be exerted, but we must still not shut our eyes to another fact that the bigger the base figure, the more the financial and material resources it can produce and the greater the potential for increasing production, and in particular, when this material base is integrated with scientific and technical progress, it will give great impetus to the acceleration of our speed of development by means of the greatly improved economic results. Compared with advanced levels, either foreign or domestic, we still have a long way to go in terms of the level of science and technology and managerial skills in all fields. Therefore, in the expanded base figure there exists a greater potential for boosting production. In order to tap this potential, at present we must continue to carry out the work of readjusting, restructuring, reorganizing and upgrading

the economy, appropriately slow down the growth in production in the period of the next 20 years so that we can lay a solid foundation for the economic rejuvenation in the later period of the coming two decades. In this way, with the continued improvement of the production base figure, there is still much room for the acceleration of our speed of development. The pessimistic view of the "theory of base figure" is groundless.

Finally, politically, there are also sound conditions for realizing the objective of quadrupling output value. The party's leadership has been placed in the firm grip of genuine Marxists, the focus of work of the whole party has been shifted to socialist modernization, socialist democracy and legality have been steadily strengthened and so on. All this has brought us a political situation characterized by long-term stability and also constitutes an extremely important and favorable factor for the realization of the strategic objective of the economic development in the next 20 years.

Speech Delivered by Wu Baoshan [1566 1405 0005]: "Some Understanding and Appreciations on Studying the Principle and Policy of 'We Must Improve our Study and Application of Economic Science and Management Science'"

In his report to the 12th Party Congress, Comrade Hu Yaobang correctly pointed out that the modernization of science and technology is a key link in realizing the socialist modernization of economic construction, and in addition, in the modernization of science and technology, "We must improve our study and application of economic science and management science and continuously raise the level of economic planning and administration and of the operation and management of enterprises and institutions." Such a major decision of the CPC is most brilliant. This is because theory and practice have indicated that with new techniques, new equipment and new technology and without logical planning methods and effective operational and management methods, advanced science and technology will also be unable to function properly. In addition to expressing my unreserved support of this wise decision and striving to make contributions to the realization of the magnificent task formulated by the 12th Party Congress, as an economic-scientific worker, I would like to discuss here my sketchy understanding of how to improve our study and application of economic science and management science.

Since the 3d Plenary Session of the 11th CPC Central Committee, great achievements and advances have been scored in the study and application of economic science and management science in China. Take the training of qualified personnel and the research base as an example. The economics department in all universities, financial and economic colleges and schools and the research institutes of economics, finance, banking, agriculture and others have not only been revived and strengthened but a handsome number of new subjects and research organs have been established for studying population, industry, finance and trade and technical economics and so on. In connection with this, if we browse through the publications published in recent years, we will find that quite a lot of monographs were not all emphatically raised in the past or even raised at all, such as planning and market, economic patterns, economic structures, decision-making power of enterprises, scale of industrial enterprises, production efficiency, returns from investment, finance, banking and

credit, issuance and circulation of currency and price structure. In addition, there are also the monographs of a more summary and theoretical character which are closely integrated with reality, such as the law of value, expanded reproduction and economic growth rate. These monographs are integrated with the questions raised in the course of economic readjustment and restructuring and economic development. They are of a relatively broad range in study and are comparatively specialized and intensive in their exploration of problems. It is justifiable to say that gratifying achievements have been made in developing the study and application of economic science and management science.

Economic science is relatively wide in range. In addition to political economics and the histories of economy and economic thought, it also consists of various types of departmental economics, such as finance, money, banking, industrial economics, agricultural economics, commercial economics, international trade and finance, statistics and accounting. Management science is a science aimed at using the theories of the branches of science concerned either with the whole national economy or with a unit or an enterprise as its scale in systematically analyzing the various related main factors and formulating plans and measures so as to realize the targets of economic results as planned. These two sciences—economic science and management science and political economics and departmental economics—are mutually integrated and permeated. Management science and departmental economics must take political economics as the guide and political economics must study general laws from the data and theories provided by management science and the various types of departmental economics. For example, in studying enterprise management, we are bound to study the management system of enterprises, such as the responsibility system of enterprises and decision-making power and other systems which we are now studying. Furthermore, this management system belongs to one aspect of the socialist relations of production on the one hand and constitutes a question of theoretical research on political economics on the other hand. Furthermore, for example, in studying the production efficiency and economic results of the enterprises of all types, we are bound to study the scale of an enterprise, cost structure, the price range and the relationship between these factors on the one hand and output and benefits on the other hand. Such a study is a major aspect of socialist economic construction and also an important content of socialist political economics. However, such a study will inevitably involve such things as state investment, planning, financial matters, equipment, labor and technology and also involve such branches of science as finance, accounting, national economic planning, enterprise planning and work organization. Again, for example, depreciation is an accounting item in terms of original meaning. However, seen from the angle of enterprise management, it is most directly related to technical innovation and technical transformation of an enterprise; again seen from the angle of the socialist economic construction, it has an important bearing on the economic growth rate and also constitutes one of the research subjects of socialist political economics. Such cases are too many to mention. This indicates that economic science and management science or general economic theory, departmental economics and management science are closely related and not a single one of the two or three can be dispensed with in their service concerning socialist economic construction.

Attention has invariably been given to economic theory in China. It goes without saying that continued efforts should be made in the future to promote its development. Management science is a new rising science. Since management science is being vigorously developed, it will certainly make satisfactory progress. Departmental economics seems to be a fairly weak link, such as finance, statistics and accounting. In order to improve the study and application of economic science and management science and make them better serve the socialist modernization program, it appears imperative to strengthen the development of the above-mentioned weak branches of science.

Speech Delivered by Yu Zuyao [0060 4371 1031]: "Persist in the Policy of 'Domestically, We Should Activate the Economy'"

After the 3d Plenary Session of the 11th CPC Central Committee, China's national economy entered a period of overall readjustment. Compared with the readjustment carried out in the early 1960's, in the course of this readjustment, industrial production still preserved the momentum of steady growth rather than shrinking and stagnating; agricultural production increased in a sustained and overall way rather than decreased; agriculture, forestry, animal husbandry, sideline occupations and fishery were prosperous; the number of staff and workers did not decrease but instead more than 26 million people in the cities and towns were given jobs; there was a fairly big continued increase every year rather than a decrease in import and export trade; in commerce both sales and purchases were brisk and prosperity prevailed everywhere in the markets in both town and country; and state revenue and expenditure took a turn for the better year after year. Even the foreign media had to acknowledge that at present "the depression in the world economy is tending to be prolonged" but "the Chinese economy is literally exhaling freely and raising its eyebrows." What reasons have actually made us achieve such successes? We must attribute all our achievements to the party's policies, including that of domestically activating the economy, which were implemented after the 3d Plenary Session of the 11th CPC Central Committee.

After the 3d Plenary Session of the 11th CPC Central Committee, we correctly summed up the positive and negative experiences and lessons in economic construction since the founding of the PRC, gradually completed the task of bringing order out of chaos in the guiding ideology of economic work, found a new path of construction suited to China's national condition and moreover, took the first step in the reform of the economic system. The situation "In which there are controls but not rigidity, liveliness but not chaos," which we have diligently sought for many years, is taking shape.

The first indicator of the enlivened economy is to break through the dogma of the unitary ownership structure in the primitive phase of socialism and develop diverse economic forms while the socialist state economy occupies a dominant position.

Concerning the question of what ownership structure is to be carried out at the present stage of socialism in China, we have for many years failed to throw the convention of the Soviet patterns to the wind and have further regarded that at the present stage of socialism, the means of production of

all trades and professions and of various localities should be transferred to public ownership; the public ownership system can be exclusively composed of the two forms--the state ownership system and the collective ownership system, the public ownership of a higher level is better than that of a lower level and the larger the scale and the higher the level of collectivization of the means of production, the more the superiority of public ownership would be manifested. As a result of this viewpoint, the argument was raised that late transition is not as good as early transition, transition through prosperity is inferior to transition through poverty; the expansion of the productive forces was determined by the repeated changes in the means of production; the commerce, handicrafts and service trades in the cities and towns were widely upgraded to a higher level of socialization; units under the large-scale collective ownership system were operated in a state-run manner; a method of integrating government administration with economic management was practiced among the rural people's communes and their subdivisions which were in fact semi-state-run units; and the private plots and household sideline production of the commune members were cut off as the "capitalist tails" and a structure of a semi-state economy was thus formed. Contrary to the wish of the people, this ownership structure gave rise to the contradiction between "On the one hand, there are large numbers of people available for work, and on the other hand, there is no work to be done" and "On the one hand, there are a lot of jobs to be undertaken and on the other hand, there are no people readily available to do them."

The contradiction between "On the one hand, there are people available for work and on the other hand, there is no work to be done" and "on the one hand, there is a lot of work to be done and on the other hand, there are no people available to do it" is a concrete expression of the contradiction between the socialist relations of production and the productive forces at present. It indicates that the "one-and-one-half state" ownership structure could not promote the development of the productive forces. The level of China's productive forces at the present stage is low and their development is uneven. This determines that only when the direct integration of working people and the means of production in different localities, departments and trades is realized by means of the adoption of diverse forms and ways can the human talent and land and other resources be favorably taken into account.

Since the 3d Plenary Session of the 11th CPC Central Committee, in accordance with the law that the relations of production must suit the nature of the productive forces, we have readjusted the existing ownership structure. In the rural areas, the problems of "egalitarianism and indiscriminate requisition" and the transition from poverty have been quite thoroughly solved; the decision-making power of the collective economy has been legally guaranteed; the status has been established in the cooperative economy under the collective ownership system as the main form in the rural areas; the orientation has been made clear of the reform of the people's commune system and definite and all forms of the cooperative economy which are set up by the peasants in accordance with the principles of voluntary participation and mutual benefit and benefiting production have sprung up like mushrooms all over the land. In the cities and towns, the situation in which commerce, service trades, handicrafts, transport service and the building industry were

monopolized by the state economy has been put to an end and the collective economy with a diversity of forms and a different scale is now in the ascendant in all trades and professions. At the same time, the individual economy of the urban and rural working people, within limits prescribed by law and under the administration of the industrial and commercial administrative departments, has been appropriately developed. Thus, while the socialist state sector of the economy occupies a dominant position, all types of economic forms coexist concurrently, each coordinating with the other and each developing its own strong points and each having a role to play. This has promoted production, brought prosperity to the market, added more opportunities for employment and made things more convenient for the people. One may well say that with one correct move the whole game is enlivened.

The second indicator of the enlivened economy is that on the condition of upholding the system of public ownership of the means of production, the socialist economy adopts diverse operational forms.

The question of the operational form of the socialist publicly-owned economy is a question of what concrete forms are to be adopted to carry out the socialist production and exchange. The part of socialism in political economics has for quite some time neglected the study of this question. It seems that the state sector of the economy can only be operated by the state; the commune sector of the economy can only be operated by the people's communes; and the brigade or team sector of the economy can only be operated by the brigades or teams. Otherwise, if it is not a degeneration of the public ownership, it must be a retrogression. The tendency of the unitary operational form of the socialist economy has suffocated the enthusiasm of the enterprises and working people and resulted in the practice of "everyone eating from the same big pot."

One cannot make a free choice on the question of what operational forms are to be adopted by an ownership system. It is determined by the quality of the productive forces and the characteristics of all trades and professions. The same and one public ownership system is allowed to adopt different operational forms in different trades and departments, and the same and one operational form can hold different forms of the public ownership system.

Since the 3d Plenary Session of the 11th CPC Central Committee, we have thrown to the wind the convention of the unitary operational form of the socialist economy and practiced diverse operational forms while consolidating and perfecting the socialist public ownership system. Hundreds of millions of peasants have created, in practice, the system of contracted responsibilities with payment linked to output and assigning the households full responsibility for task completion in particular. This unique operational form in socialist agriculture has, through 4 years of practice, shown its superiority. It persists in the fact that such basic means of production as land are publicly owned as well as such practices as the method of assuming sole responsibility for one's own profit or loss on the household basis; both bring production targets into line with the guidance of state plans and ensure that peasant households have full decision-making power concerning operation; practice division of labor and coordination on the basis of

specialization as well as adhere to principles of voluntary participation and mutual benefit and exchange at equal value; and can "ensure the handing over to the state the amount originally agreed upon and reserve the full amount for the collective" as well as closely integrate the end results of production with the income of the individual so that individuals can have the full right to dispose of their own labor achievements, assigning the households full responsibility for task completion is a new socialist agricultural economic form characterized by the brigade or team sector of the economy which is operated by the peasants on the household basis.

The third indicator of the enlivened economy is to give play to the supplementary role of regulation by market mechanism on the premise of upholding the socialist planned economy.

Operating a planned economy is aimed, fundamentally speaking, at using and administering the socialized means of production in accordance with the character of the modern productive forces. The planned economy is, in this sense, the synonym of the socialist economy. Therefore, upholding the planned economy is a question of principle which admits to no doubts. However, upholding the planned economy does not mean, under any circumstances, sticking to the pattern of some management planning system. The planned economy as an economic system cannot be entirely equated with the subjective management planning system. As early as the mid 1950's, our party became aware of the drawbacks of the pattern of the economic system which was mechanically copied, on the whole, from the Soviet Union and formulated a series of effective reform measures. However, it was only after the 3d Plenary Session of the 11th CPC Central Committee that we had the possibility to begin to break through the shackles of the Soviet pattern in terms of policy and on the premise of adhering to the planned economy and perfecting management planning, and to pay attention to the supplementary role of regulation by market mechanism. In the last few years, we have carried out some initial reforms of the economic system, expanded the decision-making power of enterprises, opened the market for public purchase, and gave play to the role of economic levers, and the achievements have been remarkable. The value of the budgeted industrial enterprises has increased year after year over the last few years and the profits realized and the taxes handed over to the state have gone up. The plan tasks which were transmitted by the state to the former first Ministry of Machine-Building Industry and its affiliated organizations in 1981 totalled only about 10 billion yuan in output value terms, or only 1/3 of the production capacity. However, thanks to their endeavors to cater to the needs of the market, expand the fields of service, readjust the product mix and find new sources of production, the enterprises succeeded in yielding 27.3 billion yuan of output value and thus going from deficits to profit and handing over to the state a profit of 3 billion yuan.

The fourth indicator of the enlivened economy is to make overall plans and take all factors into consideration, bring into play the enthusiasm of the various localities, departments, enterprises and individuals, break down the barriers of the ownership system between different localities, departments and enterprises, extensively develop the various forms of economic integration and launch economic emulation drives.

Specialization and cooperation are the inexorable trend of socialized production. We have for many years managed socialized mass production with a method of small production and, at the same time, failed to find an appropriate form which could develop specialization and cooperation as well as concurrently give consideration to the material interests of all concerned, thus causing artificial separation between different localities, departments and enterprises. In recent years, we have extensively carried out the various forms of economic integration in all trades and professions and all localities in accordance with the principles of voluntary participation and mutual benefit and exchange at equal value. For example, we have broken down the practice of drawing a circle on the ground to serve as a prison between different localities and developed transregional economic cooperation; the barriers between different trades and developed trans-trade combinations; and the barriers of the ownership system, and have developed the various forms of a jointly-run economy. Economic integrated complexes are in the ascendant. They not only ensure the interests of the state but also give full play to the enthusiasm of the localities, departments, enterprises and individuals; and promote the division of labor and coordination as well as concurrently give consideration to the interests of all sides concerned.

The fifth indicator or the enlivened economy is to break through the state monopoly in business and the circulation system with few channels but too many management levels and substantially develop commodity exchange while giving play to the leading role of the state-owned commerce.

The status and role of commodity circulation in the economic body are the same as those of main and collateral channels in the human body. Whether or not the overall situation of the national economy can be invigorated depends, to a great extent, on circulation. The old economic management system bore deep brand of the natural economy. Scarce business networks and centers, insufficient goods kept in storehouses, overstocking of commodities, slow circulation, a state monopoly in business and rampant bureaucratic practices have an indissoluble bond with this system. It was not until recent years that the systematic propositions of Comrade Chen Yun on restructuring the commercial system were gradually realized. Now circulation has begun to be enlivened with additional circulation channels and fewer turnover links. Purchasing and marketing forms are to diversify and circulation is gradually expanding in range.

The body of China's national economy has just recovered from a prolonged illness and is beginning to take a turn for the better. The party's policy of activating the economy has forcefully aroused the enthusiasm of the state, the collective and the individual and gives better play to the role of the various factors of the productive forces. It tallies with heavenly principles and accords with the will of the people. Of course, while invigorating the economy, some phenomena have also emerged which weaken and jeopardize state planning. They were mainly caused by the incongruity of some reform measures and by the fact that the corresponding management work lagged far behind. On no account must we give up eating for fear of choking or exercise excessively rigid control and thus stifle the economy anew.

Speech Delivered by Zhang Shuguang [1728 2562 034]: "Concentrate Our Strength on the Constant Improvement of Economic Results"

The 12th Party Congress formulated that the general objective of China's economic construction for the two decades between 1981 and the end of this century is, while steadily working for more and better economic results, to quadruple the annual gross value of industrial and agricultural production. This has not only depicted the development of the prospects of China's economy in the coming 20 years but also pointed out the basic priorities and fundamental ways for realizing this magnificent future. Comprehensively understanding and correctly handling the relationships between the quadrupling of output value and the attainment of better economic results is of great significance to the realization of the strategic objective formulated by the 12th Party Congress.

While studying and discussing the realization of the strategic objective formulated by the 12th Party Congress, people talked more about the quadrupling of output value but paid insufficient attention to the attainment of better economic results. In fact, whether or not we can realize the quadrupling of output value depends, most fundamentally speaking, on whether or not we can bring about a steady and fairly big increase in the economic results of China's social production. If we fail to do so, then the realization of the quadrupling of output value is out of question; even though it is realized, it will be nothing but the result of concentrating on output value and high speed. If we can achieve a steady and fairly big increase in economic results, then the realization of the quadrupling of output value will enjoy a fundamental guarantee.

Here I would like to calculate briefly to illustrate my assertions.

The annual gross value of China's industrial and agricultural production in 1980 was 715.9 billion yuan and the human labor productivity of industry and agriculture calculated on this basis was 1,999 yuan per person, of which the total output value of agriculture was 218.7 billion yuan; the agricultural labor productivity was 724 yuan per person; the total output value of industry was 497.2 billion yuan and the industrial labor productivity was 8,879 yuan per person. By the year 2000, the annual gross value of industrial and agricultural production will be 2,800 billion yuan or an average annual increase of 7.2 percent. If the average annual increase in agriculture is a little more than 5 percent, its annual output value will be about 600 billion yuan and if the average annual increase in industry is a little more than 7.7 percent, its annual output value will amount to approximately 2,220 billion yuan. Furthermore, if the proportion of the number of industrial and agricultural workers in the total population (1.2 billion people by the year 2000) and in the total number of workers in society remained at the 1980 level (26.45 percent and 85.5 percent respectively), their absolute volume will be more than 437 billion. In fact, with the development of China's social productive forces, this proportion will decrease. If they decrease to 34 percent and 80 percent, respectively, their absolute volume will be approximately 408 million. In line with this basis, the human labor productivity of China's industry and agriculture by the end of this century will reach 6,407-7,863 yuan per person, or 220 percent to 240 percent higher than in 1980, with the average annual growth rate at 6 percent to 6.4 percent.

If the number of industrial and agricultural workers increases at an average rate of 1.5 percent to 2 percent a year, that is, an annual increase of 1 to 1.5 million people, by the year 2000, there will be 76-86 million workers of which the number of agricultural workers will be 332-353 million people. The proportion of this number of agricultural workers in the total number of workers in society will decrease from 72.1 percent in 1980 to 61-65 percent. Such being the case, the human labor productivity of agriculture and industry will total 1,700 to 1,807 yuan, respectively, per person and 26,190 to 28,500 yuan per person, showing an average annual increase of 4.4 percent to 4.7 percent and 5.6 percent to 6 percent. Only in this way can the objective materialize of quadrupling the output value of industry and agriculture.

From the above calculation and explanations we can see that while delivering the realization of the objective of quadrupling output value, it is far from sufficient to merely proceed from the growth rate of our industry and agriculture in the past 30 years and base ourselves on an average annual increase of 8.2 percent in the total output value of China's industry and agriculture between 1952 and 1980, of which the average annual growth in agriculture was 3.4 percent and 11.1 percent in industry. This is because events in the next 20 years and in the first 30 years are vastly different. In the first 30 years, the number of industrial and agricultural workers in China increased at an average annual rate of 2.4 percent, of which the number of workers in agriculture was 2 percent and in industry was 5.5 percent. Calculated according to the total output value, the average annual growth rate of the labor productivity of industry and agriculture was 5.6 percent (calculated according to net output value, 3.5 percent), and of this, the average annual growth rate of agricultural labor productivity was 1.4 percent (calculated according to net output value, 0.3 percent) and that of industry, 5.3 percent (calculated according to net output value, 4.3 percent), thus obviously manifesting the characteristics of expanded reproduction by extension and extensive development. In the next 20 years, the average yearly rate of increase of the number of industrial and agricultural workers will be nearly 0.65 percent to 0.98 percent, and of this the average yearly rate of increase of the number of agricultural workers will be 0.47 percent to 7.8 percent [as published], and that of industrial workers, 1.5 percent to 2 percent, and the labor productivity will be 6 percent to 6.4 percent, respectively (industry and agriculture); 4.4 percent to 4.7 percent (agriculture) and 5.6 percent to 6 percent (industry). This is an important indication of changing to intensive development and intensive growth. It is known to all that the targets of the total output value have quite a few shortcomings and the labor productivity calculated according to these targets cannot afford to eliminate this influence. To put the growth rate of the national income on a par with or make it approach the growth rate of the gross value of industrial and agricultural production, our tasks of improving labor productivity and the economic results of social production will be more arduous.

It must be noted that the targets illustrating economic results and economic effect are multifaceted. They can be illustrated by the utilization rate of all production factors and by the observation of the extent for all types

of production to meet the needs of society, and furthermore the two must be linked together. What we have mentioned above, in terms of the use of the various production factors, constitutes only one side of a thing. In fact, the favorable conditions for China's economic development are many, but the unfavorable and checking factors are also quite pronounced. Of this, the strain on energy and transport, lack of funds and shortage of technical and managerial personnel are particularly pronounced. These checking factors are objective reality and before they are overcome entirely, their restrictive function will depend on our determination and endeavors to raise economic results. The greater the determination, the more efficient our measures and the more resolute our actions, the more meager the influence of these checking factors will be, and on the contrary, their influence will become greater and possibly present obstacles to the realization of the set development objective.

The question now is whether or not we can and how we can bring about a steady and fairly big increase in the economic effect of our social production. Here we are going to make an analysis of the matter with the human labor productivity of industry and agriculture serving as example.

China's agricultural labor productivity in the last 30 years increased at a fairly slow pace. This was mainly caused by faults and errors in our guidelines and policies in agriculture, which had hindered and shackled the development of agricultural productive forces. Over the last 3 years, with the readjustment of our rural policies and agricultural structure, agricultural production has been significantly revived and developed and the agricultural labor productivity during the "Fifth 5-year Plan" period, and during the nearly 3 years of readjustment increased at an average annual rate of 4.3 percent and 3.6 percent respectively. However, the potential in this respect is far from being fully tapped. The party's agricultural policies should be further relaxed and implemented. The readjustment of the inner sectors of agricultural production has just begun; our extensive and rich land resources and, in particular, mountainous lands, deserts, grasslands, water surfaces and beaches have not yet been fully exploited and utilized; and the balance of the ecological system and benign agricultural cycles have not yet been revived. If we continue our endeavors to readjust our agricultural policies and agricultural structure and achieve successes in this respect, we will encounter the possibility to increase our agricultural labor productivity at an average annual rate of more than 4 percent in the 1980's. In the meantime, if we can, through preparations in the 1980's, bring about some significant breakthroughs and improvements in agricultural science and technology, such as extensive use of good strains and biotechnology, bring about fundamental improvements in agricultural production conditions and help launch step-by-step China's agriculture on a path of scientific agriculture from traditional agriculture, then we will have the ability to realize the vigorous and big development of China's economy on the basis of the continued enhancement of agricultural labor productivity in the 1990's.

China's agricultural labor productivity in the past 30 years increased at an average annual rate of 5.3 percent. Accordingly, it seems that it is not a big figure to maintain an average annual growth rate of 6 percent in the

coming 20 years. However, compared with the growth in industrial fixed assets, it is still a long way to go in this respect. Moreover, during the last 3 years of readjustment, the average annual rate of increase of industrial labor productivity was only 2 percent and the output value per workers of industrial enterprises under the system of ownership by the whole people in 1981 was somewhat lower than in 1980. Therefore, maintaining an average annual increase of 5.6 percent and 6 percent in industrial labor productivity is certainly no easy job but this does not mean that it is unattainable. It depends on what ways are taken to deal with the matter and on the actual conditions of our work. The road of depending exclusively on expanding the scale of production and increasing consumption is no good and we must open up a new path in our endeavors. Although we need to set up some new modern enterprises in the days to come, they will constitute only a tiny number. We must have a clear picture of the idea that to increase output value by 350 percent or so, we must depend only on the existing 380,000 industrial enterprises and on the continued improvement of industrial labor productivity and economic effect. If we say that for future progress in China's agriculture and improvement in its labor productivity we must rely on correct policies and the use of science, then, for progress in our industry and the enhancement of its economic effect, we must rely on the use of technology and (structural) reform. Provided we continue to conscientiously implement the eight-character policy and establish, by means of further readjustments, an industrial structure and an economy of a new pattern with the harmonious development of agriculture and light and heavy industrial industries, all industries promoting one another and with a fairly high technical level and high economic efficiency and find, by means of the restructuring of the economic system, an appropriate form of smooth development of China's economy. And with this, vigorously push industrial reorganization, enterprise integration and technical transformation ahead, rationalize production organization and operation management so as to gradually shift China's hundreds of thousands of existing industrial enterprises to a new technological basis and enable them to usher in a new period of vigorous economic development in the 1990's with new equipment, a new outlook and new mode of activities. Then although the growth rate of our labor productivity may be a little low in the 1980's, there will be a fairly big increase in our industrial labor productivity during the period of vigorous economic development in the 1990's, say, an average annual increase of 6 percent. In this way, we will already have increased certainty of realizing the objective of quadrupling the total output value of industry and agriculture and to achieve a well-to-do standard of living.

Speech Delivered by Xiang Qiyuan [7309 0796 3293]: "'Assigning the Households Full Responsibility for Task Completion' Conforms to the Law that the Relations of Production Have To Suit the Nature of the Productive Force"

The system of contracted responsibilities with payment linked to output in the rural areas was created by the broad masses of peasants under the leadership of the CPC after the 3d Plenary Session of the 11th CPC Central Committee. It has vigorously promoted the rapid development of agricultural production and extensively and quite significantly improved the well-being of the people, thus enabling the rural economy to daily flourish more and more. This has played an extremely important role in the smooth carrying out of

readjustment work and the overall turn for the better in the financial and economic situation. The emergence of the system of contracted responsibilities with payment linked to output in the rural areas is of far-reaching significance. In China's socialist revolution, it was of historical necessity to transform the small peasant economy, through the cooperativization of agriculture, into the cooperative economy under the collective ownership system. The question lay in the fact that we failed, in the 20 years or more after the cooperativization, to find the concrete patterns of the cooperative economy which were suited to the economic conditions of most regions of our country. The system of contracted responsibilities with payment linked to output is precisely such a pattern. It will certainly play an important role in realizing the modernization of China's agriculture. The 12th Party Congress attaches great importance to the production responsibility system in the countryside and points out: "The production responsibility system set in various forms in the countryside in recent years has further emancipated the productive forces and must be adhered to for a long time to come. The thing for us to do is to gradually perfect it on the basis of summing up the practical experience of the masses. In no case must we make rash changes against the will of the masses, and still less must be backtrack."

The system of contracted responsibilities with payment linked to output has a variety of forms of which assigning the households full responsibility for task completion has developed at the fastest pace. In January 1980, those which practiced the method of assigning the households full responsibility for task completion accounted for 0.02 percent of the total number of basic accounting units; this figure went up rapidly to 38 percent in October 1981 and at present it stands at 70 percent or so. Assigning the households full responsibility for task completion has become the main form of the system of contracted responsibilities with payment linked to output. The reason why assigning the households full responsibility for task completion has such great vitality is multifaceted. Fundamentally speaking, it lies in the fact that assigning the households full responsibility for task completion conforms to the law that the relations of production have to suit the nature of the productive forces.

In order to illustrate this matter, first let us make an analysis of the agricultural productive forces at the present stage in China. In my opinion, in analyzing the agricultural productive forces, attention should be paid to the following three things:

First, the productive forces in Marxist theory refers to the social productive forces. Therefore, we must not analyze the agricultural productive forces in an isolated way by deviating from the general level of development of China's productive forces, particularly the industrial productive forces. As everyone knows, we have set up an independent and fairly comprehensive industrial base and economic system through 30 years of socialist economic construction. As for the means of production in agriculture, the output of the large and medium-sized tractors increased from 23,200 tractors in 1957 to 134,000 tractors in 1979; hand-held tractors grew from nothing and now 350,000 hand-held tractors are produced a year; the annual output of internal-combustion engines in 1965 was 2.6 million horsepower and in 1979, 32.27

million horsepower; the output of chemical fertilizers was 210,000 tons in 1957 and in 1979, 13.57 million tons.

Second, seen from agriculture itself, through 30 years of construction, rapid progress has been made in farmland water conservation facilities, advanced agricultural machinery and farm implements and the use of agrosience in production and other fields, and fairly significant improvements have been made in agricultural productive forces. Apart from the doubled or redoubled increase in the products of agricultural, forestry, animal husbandry, sideline occupations and fishery, the agricultural departments had 1.15 large and medium-sized tractors in 1952 and 666,823 large and medium-sized tractors in 1979; power-driven drainage and irrigation equipment totalled 128,000 horsepower in 1952 and 71.12 million horsepower in 1979; in the processing machinery for rural use, considering only rice mills and flour-milling machines alone, there are 71,000 machines in 1962 and 2.7 million machines in 1978. It is wrong to close our eyes to these changes.

Third, the backward features of agricultural production have not fundamentally changed and agriculture remains a weak link in the national economy. This is manifested in many ways: 1) See from the greater part of the regions of the country, manual tools are still basically used with manual labor playing the leading role. 2) The cultural and technical level of the peasants is fairly low and the peasants who are illiterate occupy more than one-fourth of the total rural population. 3) The operational and management level of the cadres at the grassroots level is quite low and quite a few cadres are illiterate. 4) The agricultural labor productivity and commodity rates are low. The commodity rate of grain is only 15 percent. Self-sufficiency is predominant in grain. 5) Division of labor is underdeveloped. In agriculture, forestry, animal husbandry, sideline occupations and fishery, the farming industry constitutes an excessively big proportion. The various working processes of a certain crop have not been basically specialized, such as seed selection, tillage and sowing, field management, harvesting, drying and storing. The various infrastructural basic facilities and social service centering around agriculture, such as supplies of energy, rural transportation and rural commercial networks and centers are fairly scarce. In brief, specialization and coordination in agricultural production is considerably low. 6) The uneven development in the economy is extremely pronounced. The per-mu yield of grain ranges from 2,000 jin or more to 100 or 200 jin. In addition, 10 percent of the people's communes throughout the country do not have highways. Also, 27 percent of the production teams had an annual per-capita income under 50 yuan in 1979. Besides, China has a vast territory, and the natural conditions for agricultural production vary greatly from place to place.

What demands have the agricultural productive forces at the present stage in China, which are composed of the three things mentioned above, set on the relations of production in agriculture? On the one hand, as far as the basic economic system is concerned, our system is based on the socialist public ownership of the means of production and mainly the socialist collective ownership system. At present, any attempts to make, through whatever ways

and forms, the rural cooperative economy under the collective ownership system backtrack to the small peasant economy based on the private ownership of the means of production do not tally with the existing conditions of the productive forces and will not work. On the other hand, judged from the mode of management or concrete patterns of the cooperative economy under the collective ownership system, considerable flexibility and diversity are required. Regarding unified organization of labor and unified business accounting as the only pattern of the cooperative economy and even blindly pursuing the form of "large in size and collective in nature" regardless the level of the productive forces are also inappropriate and will not work either. We say that assigning the households full responsibility for task completion conforms to the productive forces in the most rural areas of the country. It is manifested in the following four areas:

First, on the premise of adhering to the collective ownership system, assigning the households full responsibility for task completion can better handle the relationships among the three--the state, the collective and the individual. With the introduction of assigning the households full responsibility for task completion, 1) The basic means of production, and land in particular, are still collectively owned. 2) In operation, both separate management and unified management are adopted. In unified management, in terms of the administrative level--the production teams--the practice of "several standardizations" was adopted quite extensively; in terms of unified state planning, the areas sown with crops should be ascertained and the task of state purchase and assigned purchase should be fulfilled. 3) In distribution, assigning the households full responsibility for task completion will have the content of distribution according to work done. Therefore, judged from the analysis of the possession and use of the means of production and their economic materialization, assigning the households full responsibility for task completion naturally falls into the category of the collective ownership system. However, compared with the collective economic pattern characterized by unified organization of labor and unified business accounting, one outstanding strong point of assigning the households full responsibility for task completion is that the households which contract for team task assignments have greater decision-making power in production and management and that this method can better implement the principle of combining responsibility, authority and benefit. This concrete system includes by means of the signed contracts, the tasks of state purchase and assigned purchase, farming plans, retention of profits for the collective, the guarantee for the decision-making power of peasant contractors and their material interests. Embodied here are both unified management and separate management and both the interests of the state and the collective and the personal interests of the peasants are safeguarded. All this is in compliance with the requirements of the agricultural productive forces at the present stage.

Second, under the present level of China's agricultural productive forces, the increase in production depends mainly on the quantity and quality of the input labor because production implements are simple and production is operated mainly by hand. In other words, the enthusiasm of working people still plays a decisive role. Assigning the households full responsibility for task completion has solved the problems of doing things in a massive and unplanned

manner while working and egalitarianism in distribution and has significantly aroused the enthusiasm of the peasants. This is the main reason for the better achievements in agricultural production.

Third, in light of the characteristics of agricultural production and the complicated and changeable natural conditions of our country and the current situation in which the economic level is extremely uneven, whether or not we can adapt our measures to local conditions has a great bearing on whether or not we can increase agricultural production. After the implementation of assigning the households full responsibility for task completion, the practice of decentralized management granted the peasants contractors a certain portion of decisionmaking power and particularly ensured much room for the peasants to display their abilities in how to use the existing manpower, material resources and funds, how to carry out production in a manner suited to local conditions and how to wrest more and useful effect with less labor consumption. In this way, the harmful and arbitrary order issued by cadres at the grassroots level was greatly reduced and the practices of intensive and meticulous farming and conscientious management increased; there was a decline in inefficient use of labor but a rise in the efficient use of labor; and there emerged in the rural areas an upsurge in production and a mass desire for studying scientific farming.

Fourth, labor contributions are linked directly to material interests. The peasants are quite particular about practical results. Their demand for the implementation of the principle of material interests is at a glance simple and direct and clear. Under the present conditions of our country, the managerial skills of many production teams are low, workday accounting is not scientific and what is more, cadres at the grassroots level take more than their share of record workpoints in an unfair way and as a result, the peasants feel that the unified business accounting and the practice of the workpoint method are too removed from them. With the introduction of assigning the households full responsibility for task completion, the peasants feel that the practice of a distribution method, that is, "hand over to the state the amount originally agreed upon, reserve the full amount for the collective and the rest is all one's own" is nearer to them; that the labor and income of individual peasants are closely related and it can thus substantially enhance the enthusiasm of working people. This is the indication of the link of distribution suiting the present conditions of the productive forces.

Taking the situation as a whole, assigning the households full responsibility for task completion is more conducive to the rational integration of the various factors of the productive forces, such as manpower, production implements, subjects of labor and science and technology. While saying that as a form of production responsibility system assigning the households full responsibility for task completion has significantly emancipated the productive forces, we refer to the fact that in a rational organization, manpower, production implements, science and technology can play a greater role.

Of course, while saying that assigning the households full responsibility for task completion conforms to the nature of the agricultural productive forces,

we refer to its basic aspects. Comrade Mao Zedong long ago pointed out that under the socialist system, the productive forces and the relations of production both complement and contradict each other. Assigning the households full responsibility for task completion conforms to the productive forces but this does not mean that there are no contradictions in it. In fact, there are not only contradictions which demand prompt solutions at present but after old contradictions are solved, new contradictions will constantly emerge. Assigning the households full responsibility for task completion is consolidated, perfected and developed in the course of the constant solutions and emergence of contradictions.

Speech Delivered by Huang Rongsheng [7806 2837 3932]: "To Realize the Strategy for Economic Development, It Is Imperative To vigorously Grasp the Exploitation of Energy and Energy Conservation"]

The 12th Party congress has formulated the strategic objective from now on of China's economic development by the end of this century from now on and stipulated the strategic priorities for realizing the strategic objective, of which seeking effective solutions to energy problem is the focal point in the acceleration of China's modernization program and the realization of the strategic objective of our economic development. Energy is the important material base for developing the national economy and improving the people's livelihood. The growth and utilization rate of energy directly restricts the development of the national economy and the process of China's socialist modernization. In the last few years, the development of China's energy production has slowed down somewhat. Strained energy supply and inadequate supply in such main energies as coal, petroleum and electricity have become serious obstacles to the development of our economy and the improvement of the standard of the material and cultural life of the people. Therefore, in accordance with the needs of development of the national economy for energy, provided we work out timely plans, speed up the exploitation and construction of energy and do a good job in the harmonious development of energy and the national economy, we can lay a sound foundation, accumulate strength and create necessary conditions for ushering in a new period of vigorous economic development. Otherwise, this will adversely affect and hinder the smooth development of the national economy.

The exploitation and construction of energy requires large amount of investment and whose construction cycle is relatively long. For example, it will require an investment of 200 million yuan and take about 7 or 8 years to construct a mine with an annual capacity of 1 million tons of coal; and an investment of 1 billion yuan and 10 years or so to construct a hydropower station with an installed capacity of 1 million kilowatts. Therefore, so long as we make timely arrangements for the energy capital construction projects in the 1980's, we can lay a fairly solid foundation for the economic growth in the second decade. In the last few years, as a result of a decrease in successive years in state financial revenue, a shortage of funds for the key development projects, such as energy and transport, the exploitation and construction of energy has made slow progress but on the other hand, the extra-budgeted funds constitute a relatively big proportion and are used in an unduly decentralized way; and the useless construction which the localities

have been carrying out to expand the production capacity of the processing industries in a blind and unplanned way has somewhat developed. The processing industries, which use vast amounts of energy, have been steadily expanding, thus aggravating the strained supply of energy. Therefore, while consolidating the initial results in structural reform, we must overcome undue decentralization in the use of funds, readjust the distribution of national and local revenues and the proportion of profits retained by enterprises, and concentrate needed funds on the key development projects urgently needed by the state, such as energy and transport.

In formulating China's strategy for the exploitation of energy resources, while making a comparison and analysis of the economic effect of the exploitation of various types of energy, we must ensure that prolonged economic development should have energy resources which can be permanently and continuously utilized in light of the actual conditions of China's energy resources. In accordance with the characteristics of China's energy resources, in the exploitation of energy, we should lay stress on coal and water energy, and at the same time, expedite the exploitation of petroleum and natural gas, carry out the construction of nuclear power stations in energy-deficient areas, strengthen scientific research and experiment and promote the widespread application of new types of energy so as to make up for the deficiency in conventional types. We must do a good job in the unified planning and rational layout of the exploitation of energy, give priority to the construction of energy in the areas around the old bases which have the conditions, and exploit the energy bases which have better conditions in natural resources, geographical and economic position and communications and transport by choosing the best qualified first.

To do a good job in the exploitation of energy resources, we should energetically strengthen our geological prospecting work. China has rich energy resources, but in the past our geological prospecting work failed to keep pace with demand in time, prospecting procedures were inappropriate, the detailed prospecting phase was not in keeping with the requirements of the overall planning of the exploitation of mining areas, the rate of prospecting was low, efficiency was not high and so on. All this resulted in the prolongation of construction cycles of prospecting, and deficiency in energy resources. To put an end to this state of affairs, we should enrich the geological forces of energy resources prospecting, firmly grasp and do a lot of arduous work in geological prospecting, organically integrate the geological work of the various prospecting phases and the designing and exploitation work which is carried out as required by construction procedures, strengthen the technical and economic appraisal of the prospecting and exploitation of energy resources, rationally arrange the priorities for this and prepare well in advance the reserves with plenty of room for choice for the exploitation and construction of new energy bases.

In order to meet the needs of the realization of the strategic objective of China's economic development for energy, we should pay attention to the rational use of energy, significantly economize on energy consumption and carry out the technical transformation of the national economy with stress

on energy conservation. If we attach one-sided importance to the exploitation of energy at the expense of the saving and rational use of energy, we will not be able to give play to the role of the existing energy resources or bring about rapid economic growth. At present the technology of China's existing energy-consuming equipment is backward; most of the equipment remains at the levels of 1940-50's. The waste of energy during processing, transformation and transmission is enormous, and the recovery and utilization of thermal energy is relatively poor. In economizing the use of energy, we should adopt all measures which are technically feasible, economically rational and permitted by the environmental surroundings to improve the utilization efficiency of energy resources, reduce the need of the economic growth for energy, and not only devote our energy and effort to raising the utilization efficiency of energy but also adopt various measures, save, substitute and use fewer raw and semi-finished materials, improve product quality and prolong service life so as to reduce direct and indirect energy consumption.

While economizing on energy, we should carry out the renewal of equipment and the transformation of technology, techniques, etc., extensively and intensively. The equipment which consumes huge amounts of energy and which is used in all trades and professions throughout the country should be updated and replaced. With the development of science and technology, we should steadily replace inefficient backward equipment whose energy consumption is too high with efficient, advanced equipment whose consumption is low. This is the inevitable law of the development of science and technology. However, we must also soberly realize that the replacement and technical transformation of the equipment which consumes vast amounts of energy throughout society is an arduous task and will necessitate a fairly long development process. Therefore, in carrying out energy conservation, we should, in light of the capabilities of the state's financial and material resources and technical conditions, stress the essentials and carry out energy conservation in key units in a planned and orderly manner so as to do everything according to our capabilities and in our power.

In carrying out the technical transformation of energy conservation, while combining the replacement of equipment whose energy consumption is too high with the transformation of backward technology and techniques, we should realize the integration of the replacement of equipment and the transformation of technology and techniques. At present, the production technology and techniques of quite a few products are backward and energy waste is enormous. In carrying out the transformation of the technology and techniques of energy conservation, we should study how to improve the utilization of energy and define the technical orientation and means for the rational and comprehensive utilization of various energies, gradually establish a technical system of energy utilization and energy conservation, seek optimum technological and technical plans for energy conservation and spread new energy conservation techniques.

China is fairly abundant in energy resources and has the conditions for realizing the strategic objective of our economic development by relying

on our own energy resources. Provided we give play to the enthusiasm of all concerned, make unremitting efforts to energetically grasp the exploitation and sparing use of energy with one heart and one mind, and lay equal stress on exploiting energy resources and on practicing economy in its consumption, we can gradually overcome the difficulties in the strained supply of energy, promote the steady growth of our national economy and ensure the successful realization of the strategic objective formulated by the 12th Party Congress.

Speech Delivered by Wu Jinglian [0702 2417 8834]: "Rely on Correct Policies and the Use of Science, Realize the Magnificent Strategic Objective"

People have all kinds of differing views on the strategic objective of "while steadily working for more and better economic results, we should quadruple the gross annual value of industrial and agricultural production" formulated by the 12th Party Congress. The pessimistic approach that under China's present conditions, such a formidable objective is unattainable, lacks good grounds and is therefore worthless. In fact, the level of production of many countries, of which some are capitalist countries, whose social system is far inferior to ours, quadrupled or even more from a level about the same level of ours at present, within a time of no more than 20 years. With the superior socialist system, the leadership of a Marxist party, 1 billion diligent and brave people and a considerable foundation laid down in the past 30 years, why can we then not fulfill the task of quadrupling output value? Of course, the argument holding that in realizing this objective what we should do is to achieve an average annual increase of 7.2 percent in the total output value of industry and agriculture, and that this can be easily attained on the basis of the calculation of the various real indications in the development of the national economy in the past 30 years, has the defect of being rather too sweeping. This is because although China's total industrial and agricultural output value increased at an average rate of 8.1 percent between 1953 and 1981, on the one hand, influenced by the "leftist" mistakes, the growth rate of the total output value of industry and agriculture in quite a few years in the past was somewhat exaggerated, but the growth rate which is required now is a growth rate devoid of "exaggeration," and one which brings material benefits to the state and the people. Obviously, no analogy can be drawn between the growth rate of 7.2 percent in the coming 18 years and that in the past 30 years; furthermore, with the changes in investment and other conditions, neither can the estimation of further development be reasoned by analogy in an oversimplified way with what we achieved in the past but on the contrary, we should make a concrete analysis of the conditions for the former's development.

Our attitude to future development must be an attitude full of confidence, but on no account must this confidence be blind. In other words, we should fully calculate the favorable conditions for the development of our national economy as well as making a serious analysis of our shortcomings and deficiencies and the difficulties we are bound to encounter, and at the same time, adopt practical and effective measures for giving play to the role of positive factors and overcoming all kinds of obstacles so as to satisfactorily attain the strategic objective formulated by the 12th Party Congress. Our optimistic attitude should be based on such a foundation.

Ours is a big country with a population of 1 billion people of whom 80 percent are peasants. At the same time, it is also a poor country which had little to start with. The main difficulties in accomplishing modernization lie in a lack of material and financial resources. In particular, the strain on energy and shortage of funds will function as checking factors in a considerably long period of time. Under such a situation, to fulfill the task of "quadrupling output value," it will lead us nowhere to take the old road of high accumulation, high consumption and low efficiency. The situation in energy is already known to all. We consumed fuels and electricity equivalent to 630 million tons of standard coal in realizing a total value of 700 billion yuan in industrial and agricultural production in 1980. If energy efficiency remains unchanged, to "quadruple" the total output value means quadrupling energy output. But this is not attainable in light of China's current investment capacity, construction capability and natural resources. For this reason, the only way out is to take countermeasures, namely, "we must rely on exploiting energy resources and on practicing economy in their consumption" and strive to realize, by the help of the improvement in energy utilization efficiency, a total value of 2,800 billion yuan in industrial and agricultural production with approximately 1.2 billion tons of standard coal. The situation in funds is similar to the case of energy. Our modernization program requires huge amounts of investment. It is not strange that we have insufficient funds at the low level of national economic development. However, the volume of investment poured in and the quality of the use of the investment depend mainly on the quality of the economic results of the national economy. Low economic results bring greater strain on our funds. As we all know, the amount of money which the state can accumulate (invest) in a year depends, above all, on the volume of newly-created value in the total value of production, that is, the national income. In the 28 years from 1953 to 1980, China's total output value of industry and agriculture increased by 810 percent and that of the national income, by 420 percent. The increase of transferred value in the total value of industrial and agricultural production means that the national income failed to increase at the same rate as the total value of industrial and agricultural production, and thus considerably restricted the possibility to increase investment. On the other hand, the inefficient use of investment caused us to put much more money into investment than under normal circumstances and this was unbearable. Take energy for example. According to correct calculations, if investment efficiency remains unchanged, producing energy equivalent to 1.2 billion of standard coal, and transforming the old equipment which consumes large amounts of energy alone, require an investment of nearly 1,000 billion yuan. Furthermore, owing to rather long construction cycles, most of them will be commissioned in the first decade. The whole of our present annual budgetary receipts total only 100 billion yuan. We can see from these facts that if we do not blaze a new trail characterized by better economic results, yielding more substantial benefits to the state and the people, we will not possibly attain our own goal.

How can we blaze this new trail? In accordance with the experience of the various countries in developing their national economies and of ours in rejuvenating agriculture since the 3d Plenary Session of the 11th CPC Central Committee, what counts is two things: one is to carry out the technical

transformation of the national economy and put technology to extensive use, and the other is to implement the party's policies and give full play to the enthusiasm of all sides concerned.

In fact, science and its technical application has become an important factor of the modern development of production for a long time. According to the estimate of some developed countries, among the various factors bringing about economic growth and the improvement of labor productivity in the early period of this century, the proportion of technical progress was 5-20 percent; it now surpassed 50 percent. Moreover, the later a country develops, the greater the possibility it will have to benefit itself from importing and adopting the technology created by others. In accordance with the calculation of Danielson, an American economist, the annual rate of increase of the American national economy resulting from technical progress between 1929 and 1948 was 0.62 percent, and 1.19 percent during the period of 1948-69; during the 1953-71 period when the national economy of Japan developed at top speed, thanks to the application of the mature technology of foreign countries, its annual rate of increase resulting from technical progress in the first 9 years was 1.42 percent, while in the later 10 years it was 2.43 percent. In our country, the potential for reducing waste and improving efficiency through technical transformation is enormous. So far as energy is concerned, provided we increase our energy efficiency to 1/2 of Japan's present level or to the present level of India, we can attain the goal of "saving half the amount of energy consumption." This can, of course, be attained.

By saying that there exists the technical potential to rapidly raise economic results in China, we do not mean that the technical transformation of the national economy and the marked improvement of economic results can happen spontaneously. The application of technology depends on man. The quality and enthusiasm of man determines the course of the technological progress and the improvement of efficiency. Furthermore, the main factor which decides whether or not the enthusiasm of all sides concerned can be aroused lies in whether or not we can correctly handle the relations of production and other social relations between man and man. The party's line and policies play a decisive role in this respect. For example, people have for a long time extensively realized the significance of the modernization of science and technology to the building of a powerful modern socialist country. In the mid-1960's, the call "the modernizations of science and technology is a key link in our four modernizations" was issued. However, in the dozens of years before the 3d Plenary Session of the 11th CPC Central Committee, the modernization of science and technology and the technical transformation of the national economy made little progress. The reason for this state of affairs possibly lay in the "leftist" mistakes in the party's line and policies. Conversely, in order to raise the efficiency of our agricultural production in the several decades before the 3d Plenary Session of the 11th CPC Central Committee, we tried all kinds of methods ranging from "place organization on a war footing and be always combat ready in action" in 1958 to the subsequent "blaze a trail through mass criticism," but they turned out to be fruitless. After the 3d Plenary Session of the

11th CPC Central Committee. Once the party's policies were implemented and the "double contract" production responsibility system was introduced, the face of China's countryside changed immediately, the enthusiasm of the broad masses of peasants for production, for applying new technology and for further developing integration upsurged rapidly and the agricultural labor productivity increased speedily. Our task at present is to use the experience achieved in implementing the rural policies to improve the management of our industry, commerce and even the whole national economy on a scale of the whole national economy. On the drawbacks of China's existing economic system, in his important speech delivered recently at a national science and technology awards conference, Premier Zhao Ziyang made a good summarization. He pointed out that there are two drawbacks in our current economic system. One is the failure to encourage the enterprises to take an interest in the needs of society and those of the market in a more effective way, and this results in dislocation between production and demand. The other is the failure to encourage the enterprises to concern themselves with technical progress in a more effective way and this results in a situation in which "little improvement has been achieved in the application of science and technology in the past several decades." In the course of economic restructuring, we must, in accordance with the principle of operating a planned economy based on the public ownership system and at the same time, giving play to the supplementary role of regulation by market mechanism, concentrate our efforts on solving these two drawbacks. Seen from the achievements which we have scored in the restructuring of the agricultural system, so long as we are clear about orientation and have correct methods, it is also entirely possible to attain this objective.

Speech Delivered by Yang Chanhfu [2799 7022 4395]: "Uphold the Leading Position of the State Economy and Develop Diverse Economic Forms"

The 12th Party Congress report has advanced the question on upholding the leading position of the state economy and developing diverse economic forms. The report points out: "The socialist state sector of the economy occupies the leading position in the entire national economy. The consolidation and growth of the state sector are the decisive factors in ensuring that the collective economy of the working people will advance along the socialist road and that the individual economy will serve socialism. As the level of development of the productive forces in our country is on the whole still fairly low and uneven, it is necessary to maintain different economic forms for a long time to come." This indicates that the 12th Party Congress has integrated the basic principles of Marxism with China's concrete conditions and developed the theory of Marxism regarding the socialist ownership system. The socialist society envisaged by Marx and Engels was a society under a unique system of ownership by the whole people and this system alone. In light of the practice of the Soviet Union, Stalin summarized the socialist ownership system two forms, namely, the form of ownership by the whole people and that of collective farms (the collective ownership system). For quite some time, some of our comrades have misunderstood the expositions of Stalin on the socialist ownership system and argued that a socialist society can only hold two forms of ownership system, namely, the system of ownership by the whole people and the collective ownership system. However, Marxism is not a dogma but a guide to action. Only when the basic principles of

Marxism are integrated with the concrete practice of the various countries and regimes, can they display their vitality. Only the economic forms which promote the development of the productive forces in the most effective way constitute the most appropriate economic form. In light of the situation in which the level of the productive forces in our country is low and its development uneven, the report formulates that we should uphold the leading position of the state economy and the concurrent coexistence of diverse economic forms, and encourages the individual economy of urban and rural working people, within limits prescribed by law and under the industrial and commercial administration, to be appropriately developed as a necessary and useful complement to the economy under the system of public ownership. This is an embodiment of both upholding the principles of Marxism and of flexibility in applying Marxism.

The policy of concurrently maintaining different economic forms which has been gradually implemented since the 3d Plenary Session of the 11th CPC Central Committee is also the result of summing up the 30 years and more of our experience, both positive and negative. Before the completion of the socialist transformation of the private ownership of the means of production, there existed five economic sectors in China and at that time, the national economy was revived and developed at a rapid pace. During a certain period of time after 1958, blindly seeking "bigness" in scale and "public ownership" in terms of the ownership system under the guidance of "leftist" ideology caused the relations of production, and in particular the relations of production in rural areas, to surpass the level of development of the productive forces, and resulted in damage of the productive forces. In the 10 years of internal disorder, the "gang of four" slashed almost to nothing the individual economy in the cities and towns but also cut off the private plots and sideline household occupations of the commune members and rural fair trade as "capitalist tails," thus bringing about great damage to production. Since the 3d Plenary Session of the 11th CPC Central Committee, through our endeavors to criticize "leftist" thinking and bring order out of chaos, the national economy has embarked on a path of healthy growth. Drawing on the 30 years and more of positive and negative experience has enabled us to profoundly realize the law that the relations of production have to suite the nature of the productive forces. With the tremendous development of the productive forces over the last 30 years, there has been a fundamental change in the diverse economic forms existing at present compared with the five economic sectors existing in the early days of the founding of the PRC. This finds expression in the fact that the state and the collective economies have been significantly developed and strengthened and now occupy a dominant position; capitalist ownership has been abolished; the state capitalist economy has shrunk and changed; the individual economy which existed vastly and extensively before the cooperativization of agriculture has been organized for quite some time, and at present, the individual economy in urban and rural areas exists within the limits prescribed by state regulations as a necessary complement to the economy under the public ownership system. The five economic sectors existing in the early days of the founding of the PRC were the base of the new democratic society, but in the diverse economic forms with the state economy as the leading factor, the socialist public ownership system has taken the dominant position and thus become the economic base of the socialist society.

There is a current formulation on the ownership structure of the means of production in China at the present stage among Chinese economic circles, that is, on the condition that the public ownership system occupied a dominant position, the concurrent co-existence of diverse economic sectors and operational forms are allowed. The formulation of the "resolution on certain questions in the history of our party since the founding of the PRC" is that "the state economy and the collective economy are the basic forms of the Chinese economy. The working people's individual economy within prescribed limits is a necessary complement to public economy." At the sight of the formulation that "we must uphold the leading position of the state economy and develop diverse economic forms," a formulation which was put forth by the 12th Party Congress, some comrades find these formulations different in wording and find it hard to understand them. In my opinion, they are basically identical in spirit. In that case, why is the formulation not entirely the same? In my understanding, this resulted from the fact that in the last 1 or 2 years there have emerged some new situations and mainly, some comrades belittled and even negated the state ownership system and argued that state-owned enterprises should be turned into collectively run enterprises (under the collective ownership system) which assumed sole responsibility for their own profit or loss. For this reason, it is entirely necessary for the 12th Party Congress report to reaffirm upholding the leading position of the state economy. The state economy constitutes the principal base of the socialist system. Without it, the country under the people's democratic dictatorship will hardly exist, the socialist nature of the collective economy will be hardly ensured and the individual economy serving socialism is out of the question. Of course, laying stress on the leading role of the state economy definitely does not mean negating the fact that the collective economy is still one of the Chinese basic economic forms.

The system of ownership of the means of production and the economic system are two matters which are both related and different. The latter is the former's concrete form. There do exist some drawbacks in the Chinese economic system. The reforms which are being and will be carried out are aimed at arousing the enthusiasm of the central authorities, the localities, departments, enterprises and working people, perfecting the socialist state ownership system and the collective ownership system, and consolidating and developing the state economy and the collective economy. To attain this objective, the Chinese people have created some effective concrete management rules and regulations. For example, the production responsibility system set in diverse forms in the rural areas over the last few years and the economic responsibility system which have been introduced recently among the industrial and commercial enterprises are all conducive to the further perfection of the socialist public ownership system. Of course, we must go on summing up experience and exploring. Just as the 12th Party Congress report points out: "We should adopt a positive attitude to this system, earnestly sum up experience and discover and devise a set of specific rules and methods which are suited to the characteristics of industrial and commercial enterprises and which can both ensure unified leadership by the state and bring into full play the initiative of enterprises and their staff and workers."

In short, upholding the leading role of the state economy and developing diverse economic forms is conducive to mobilizing and bringing the enthusiasm of all concerned into play, and is therefore in conformity with the requirements of development of the productive forces in China, and can promote the more rapid development of the socialist economy. This is also an important guarantee for realizing the magnificent strategic objective of our economic development.

Speech Delivered by Shen Liren [3088 4539 0086]: "Establish a Distinctively Chinese Pattern of Foreign Economic Trade"

In his report to the 12th Party Congress, Comrade Hu Yaobang listed the preservation of self-reliance and the expansion of economic and technological exchanges with other countries as one of the important principles of the whole economic work. This is also the principle of "relying mainly on our own efforts while making external assistance subsidiary" which Comrade Mao Zedong repeatedly expounded. Implementing this principle in light of China's national condition will enable us to establish a foreign economic and trade pattern with Chinese characteristics and bring about an all-round upsurge in the socialist economy.

Ours is a big socialist country. In our efforts toward the modernization program, we must rely mainly on our hard work rather than on foreign countries. This is different from the cases of some small countries which may rely mainly on the importation of foreign capital and as a result, they cannot help becoming an appendage to foreign countries. Our aim is to set up an independent and comprehensive industrial base and economic system. However, "being independent" does not mean closing the country to international intercourse and "being comprehensive" does not mean sealing ourselves off from the outside world. We should carry out the policy of opening to the outside world on the basis of self-effort. In a time like today when the socialization of production has broken through national boundaries, there is no country on earth which can have all the resources needed to develop its own economy or grasp all the advanced technology of the present-day world. Carrying on trade with other countries is conducive to each making up the other's deficiency from his own surplus and to developing advantages while avoiding shortcomings, but also conducive to attaining better economic results and realizing the multiplication of value. This is what Marx meant in the chapter specially discussing foreign trade in "Das Kapital" Volume III, when he said: "Foreign trade makes the factors of fixed capital cheaper on the one hand and makes the subsistence goods into which the variable capital is transformed cheaper on the other hand. It has the function of increasing the rate of profit, because it increases the rate of surplus value and reduces the value of fixed capital. Generally speaking, it plays a role in this respect because it can help expand the scale of production." ("Collected Works of Marx and Engels," vol 25 p 264) The four modernizations program requires huge amounts of funds. For this, we must depend mainly on domestic accumulation but not renounce our endeavors to utilize foreign capital so as to expand our scale of production. The four modernizations program needs science and technology. We must depend mainly on our own efforts, but at the same time attach importance to the introduction of advanced science and technology from foreign countries so as to speed up

the pace of socialist modernization. Therefore, it is our firm strategic principle to expand economic and technological exchanges with foreign countries.

We must in accordance with the above-mentioned spirit, develop our foreign economic trade which is of a Chinese character and different from the patterns of other countries.

1. The Chinese economy is, in terms of external relations, neither a completely introverted economy nor a completely extroverted economy but rather an independent economy which is based on domestic resources and market and geared to the international market. In a certain period of time in the past, and particularly during the decade of internal turmoil, we tended to be self-sufficient, reduced economic and technological exchanges with other countries to a minimum and thus caused a basically introverted economy, but all this has become a piece of history now. We must not and can hardly carry out the practice of "building the country through foreign trade" as some countries which are insufficient in natural resources and sparsely populated have done. That is a basically extroverted economy and thus not in conformity with China's national condition. We must first utilize domestic resources and then foreign resources. First utilize domestic funds and then foreign capital; first open up the domestic market and then the international market; first master the skills of managing the domestic economy and then those of handling foreign economic trade; and first develop domestic science and technology and then import foreign science and technology. Therefore, provided we take ourselves as the dominant factor and widely and extensively seek whatever is useful and make it serve us, we can thus fully utilize external conditions, energetically develop the domestic economy and at the same time, avoid being controlled by others.

2. China's foreign trade is neither a pure "import substitute" strategy nor a pure "export substitute" strategy but rather a mixed strategy with much room for choice and differentiation. Practicing the so-called "import substitute" strategy or "export substitute" strategy depends on the different levels of development of the productive forces, natural resources, international relations and different subjective policy decisions of the various countries. The Chinese economy already has a considerable base with significantly rich natural and labor resources. We must not be content with exporting primary products, and must realize that we cannot afford to rapidly export manufactured goods as staples. For a considerable period of time to come, the farm produce and sideline products (local and special products in particular) and some resource products (particularly rare metals, coal and petroleum) which our country exports will occupy a certain proportion. The export of light and textile industrial products will increase; and of them, especially the labor-intensive products ranging from arts and crafts, clothing, shoes and hats to shops will invariably hold an important position, because these exports are competitive and can afford to arrange large quantities of surplus labor both in urban and rural areas. The proportion of China's import of technology and equipment will steadily increase but we must not exclude the import of some raw and semi-finished materials and indispensable consumer goods. This

diversified foreign trade can increase the quality of the use of the international division of labor, enhance the adaptability to the changes in the economic situation both at home and abroad, and promote the readjustment and rationalization of the economic structure of our country.

3. In utilizing foreign capital and absorbing foreign technology, we must similarly proceed from our own needs and conditions and do it in a manner characterized by our own way. In utilizing foreign capital, we must not think that the more foreign capital we utilize, the better, but we must give consideration to what we can do at home, that is, our ability to provide the necessary accessories and to repay and must guard against following the old road taken by some countries which brought them harm rather than material benefits because they incurred too heavy a debt. In absorbing foreign technology, we must not think that the more advanced the technology we import the better, but we must give consideration to our ability to assimilate advanced technology and our existing conditions, and stress adaptability so as to attain the best economic results. So long as we do our work in a down-to-earth manner and advance steadily, our economic and technological exchanges with other countries will surely expand in a planned way, enhance our ability to rely on our own efforts and bring about a great advance in the national economy.

Since the 3d Plenary Session of the 11th CPC Central Committee, while the global economy was in turmoil and the international trade was in a stalemate, China's foreign economic trade has developed vigorously. The total volume of import and export realized in 1981 was \$40.4 billion, 100 percent more than in 1978, surpassing the growth rate of the total output value of industry and agriculture. However, the proportion of the total volume of export in the total output value of industry and agriculture was only about 5 percent to 6 percent, and its proportion in the total volume of export in the world was only slightly more than 1 percent. This indicates that our potential in this respect is enormous. Looking ahead, if the increase in foreign trade continues to exceed the increase in the total industrial and agricultural output value and if we gradually raise its proportion in the total output value of industry and agriculture, then our foreign trade will be able to quadruple or more its total volume of import and export by the end of this century. This will increase the proportion of Chinese foreign trade in international trade and enable Chinese foreign trade to gradually move toward the front ranks of the countries of the world. Adopting a correct strategy and setting up a distinctively Chinese pattern of foreign economic trade will certainly play a greater and greater motivating role in the development of the whole economy and the improvement of the people's livelihood. [end of speech]

Speech Delivered by Wang Weizhi [3769 4820 1807]: "Bring Population Growth Under Control, Accelerate the Advance of China's Population to a Modern Type"

In his report to the 12th Party Congress, Comrade Hu Yaobang demanded that we must do our utmost to keep our population within 1.2 billion by the end of this century, stressed that population has always been an extremely important

issue and pointed out: "Family planning is a basic policy of our state." It is entirely correct and extremely necessary to list family planning as a basic policy of our state and to control population growth. It tallies with China's basic national conditions as well as conforming to the laws governing population growth.

Population and the social productive forces are closely related. To keep pace with the development of the mode of social production, the mode of development of population has its own laws. Roughly speaking, the history of population has undergone three different phases of development ranging from the primitive phase of a high birthrate, a high mortality rate and a low rate of increase, the transitional phase of a high birthrate, a low mortality rate and a high rate of increase to the modern phase of a low birthrate, a low mortality rate and a low rate of increase. In the various social formations before and during the feudal society, the development of population was basically in the first phase. During the period of the capitalist industrial revolution, the development of population entered the second phase. During the period of developed capitalism, the development of population entered the third phase characterized by a low birthrate, a low mortality rate and a low rate of increase (the population of some countries has stopped growing), each couple having fewer children, every family have fewer members, high average income, a large ratio of urban population, a high cultural level and long life expectancy. At present the countries in Europe and North America, Japan and others have entered this phase. Most of the countries and regions in Asia, Africa and Latin America are in the second phase.

Before liberation, oppressed by the three big mountains--imperialism, feudalism and bureaucratic-capitalism, China was in the semi-colonial and semi-feudal society for quite some time. The level of its productive forces was extremely low and the development of its population invariably remained at the primitive phase. According to estimates, old China's birthrate reached as high as 35 percent to 40 percent, and its mortality rate 25 percent to 33 percent, and population growth was on the whole at a standstill. The people, short in life-span, were impoverished and frequently suffered illness. They were called "the sick men of Asia." After liberation, the socialist system was established and the productive forces were emancipated. The CPC and the government vigorously developed medical and public health services, eliminated the deadly infectious diseases which endangered the life of the people and improved the level of the people's health. The mortality rate of the population decreased at a rapid pace and the expectancy became longer. All this has enabled the mode of development of our population to transform into the second phase from the first phase. In the 1950's, the birthrate of the population a year was 33.7 percent; mortality rate, 12.2 percent; and the natural rate of increase, 21.5 percent. This was a stage where population grew at full speed. In the whole process of the development of population, although this stage was not very long, the speedy growth rate of population and the big increase in population were amazing. During the 109 years from the opium war to the founding of the PRC, China had only an additional 135.96 million people but during the 10 years after liberation, that is, from 1949 to 1959, the population increased from 548.77 million to at least 685 million, or an addition of more than 126 million people. The increased number of people in the 10 years was equal to the increased number of people in the past 109 years.

In the mid-1950's, the CPC Central Committee advanced the proposition of family planning in time and in its Eighth National Congress endorsed the resolution that "births should be brought under appropriate control." Necessary measures were taken and experimental work in this respect was started in the cities and some achievements were scored. However, due to lack of understanding of the seriousness of population problem and under influence of the "leftist" trend of thought, the above-mentioned correct proposition failed to be consistently implemented and later even emerged relapses. The natural rate of increase of China's population dropped to 17.2 percent in 1958 but in the subsequent 15 years there was a renewed pickup in the population growth rate, that is, the average annual growth rate was 19.9 percent (calculated by taking the 3 years between 1959 and 1961 away, the average annual growth rate was 24.7 percent). By 1974, the population growth rate had again fallen to 17.6 percent. During the 15 years, there was an additional increase of 32 million people calculated on the basis of a 17.5 percent rate of increase; and there was an additional increase of 75 million people calculated on the basis of the average annual 14 percent rate of increase between 1974 and 1983 (calculated on the basis of an average increase of 1 percent a year with the population from now on to the end of this century not surpassing 1.2 billion, there will be an additional increase of 120 million people). It can thus be seen that without the two relapses after 1958, there might have been a reduction of approximately 100 million people in China's present population.

After 1974, the growth rate of China's population dropped. At present a stable increase of 10 percent to 15 percent in population has been achieved. As was verified in the census, the birthrate of the population in 1981 was 20.9 percent; the mortality rate, 5.4 percent; and the natural population growth rate, 14.5 percent. This indicates that great successes have been achieved in controlling population growth in China, and the idea of family planning has initially taken root both in the cities and the countryside. The general trend of development of population in future is to further transform into the phase characterized by a low birthrate, a low mortality rate and a low rate of increase. This admits of no doubt the formulation of the 12th Party Congress on population entirely conforms to this historical trend and China's existing conditions.

The 12th Party Congress demands that we must keep our population within 1.2 billion by the end of this century. To attain this objective, the task is arduous. However, this objective must and can be realized. The results of the 1982 census which have been recently released show that the population figure of the 29 provinces, municipalities and autonomous regions in mainland China is 1,008.17 million and the average annual population growth rate in the coming 18 years should not exceed 1 percent. However, it is precisely in the years to come that the children born in the two baby booms during the 1962-1973 period will reach marriageable and child-bearing age. This cannot but cause some difficulties to the fulfillment of the above-mentioned tasks. Consequently, we must never slacken, in the slightest degree, our efforts in family planning. If we slightly slacken our efforts and take a laissez-faire attitude to population control, another baby boom like the case in the 1950-60's will surely emerge, and this will affect the realization of the strategic objective of our economic development.

The 12th Party Congress points out that we should quadruple the national gross value of industrial and agricultural production and ensure that the Chinese people will be comparatively well-off both materially and culturally by the end of this century. This will provide the control of the quantity of the population and the improvement of the quality of the population with a reliable material base and prerequisite and give impetus to the advance of population to the direction characterized by less population, a low rate of increase, eugenic births, long life expectancy and a high level of cultural quality. The reduction in demand for manpower and the improvement of the level of consumption will contribute to bringing population growth under control. As we have mentioned above, China is in the course of transforming from the second phase of the development of population to the third one. After the 1970's, breaking away from the 15 years of complications and halting progress, our population embarked on a path of normal development. After 1974, the number of childbirths decreased year after year. By the 1990's, every year no more than 10 million women will reach marriageable and child-bearing age and by that time the population will switch to a state of natural control and enter the third phase of the development of population. We are entirely able to use the superiority of the socialist system to promote the transformation of population so as to help our population enter the third phase of the development of population as soon as possible. Historically, it took Britain 150 years to complete this transformation. It is foreseeable for us to realize this transformation in a considerably short time.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON ECONOMIC SYSTEMS ANALYSIS

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[Article by Wu Jiapi [3527 1357 1014] of the Economic Research Institute for Econometrics and Technology of the Chinese Academy of Social Science, written in May 1982: "On Economic Systems Analysis"]

[Text] I. Economic System and Analysis of Economic System

As science and technology advance in modern times, the concept of "system" has been diffusing through an increasingly larger number of fields, especially in the social and economic fields, of which the systems are extremely complex themselves and have close-knit relationships within the systems as well as between the systems and their respective environment. Social activities and economic processes in particular have to be observed and studied as "systems", since they are richer in holistic properties than mechanical and biological phenomena. As the objective needs and aspects of a certain content to be reflected differ from one particular object of study to another, the concept of "system" can be defined in different ways. But there is not much controversy about the core of the content of a system, that is, a system whole consists of interdependent, coordinated parts which jointly achieve a series of common objectives. Whoever does not bear in mind the concept of system does not view things as wholes and is of necessity unable to see the wood for the trees.

The national economy is a unified, living economic system. It includes production, exchange and circulation, distribution, consumption and other processes. It is composed of different regions and sectors. Its activities are carried out by its inhabitants, enterprises and government jointly. All the targets of the national economy are interrelated and have proportional relationships between them. There are big as well as small economic systems. The national economy of a country is a large system while an individual worker, an enterprise, a sector, a region and a single economic activity are small systems at different levels and on different scales. On the other hand, the national economy itself is a system which belongs to the social system and is an important subsystem of the latter.

Like other systems, any economic system possesses the following properties;
1) It is holistic. The elements which constitute a system are parts of a

living whole and cannot exist independently. Furthermore, it follows from the nature of wholes that the behavior of a whole is not the simple sum of the actions of its parts. The properties of a whole cannot be found in its parts or elements. Marx said: "There is an essential distinction between the strength of a cavalry squadron taking the attack and the strength of an infantry regiment offering resistance on the one hand and the total strength of the individual cavalry soldier which is dispersed while taking the attack or the total strength of the individual foot-soldier which is dispersed while offering resistance on the other hand. Likewise, there is an essential distinction between the mechanically summed up total strength of individual laborers and the social strength represented by many workers who have jointly and simultaneously accomplished an indivisible operation (such as lifting a weight, winding a windlass, clearing away obstacles on the road, etc)."

(Complete Works of Marx and Engels, vol 23, p 392) This holistic nature of a system is determined by its structure, that is, by the interaction and interrelation between the parts which constitute the system. First, it has a goal. Every system has many objectives which are arranged and structured in a specific way. Overall objectives and part objectives correspond to the respective levels of a systems' organization. Part objectives of a system at lower hierarchic levels are subordinate to the overall objectives of the system at higher hierarchical levels. Under normal circumstances, achieving the objective of a part is a means of achieving the overall objective of the system. The part objective of a particular element can be achieved only if this part objective is in line with the overall objective of the system. The hierarchy of objectives (how they are structured) is of great significance to economic systems. Without this kind of rigid hierarchy, the elements of a system will not take coordinated courses of action. In consequence, the system will be damaged or will even be unable to remain in existence.

Third, it has regulatory mechanisms. When there are important changes in its environment or its internal elements, a system can resort to its ability of self-regulation so as to adapt itself and to survive. This kind of reaction enables systems to adapt themselves to all kinds of influences, to eliminate disturbances so as to survive and achieve their overall objective. Every system has its own regulatory mechanisms which are appropriate for achieving its own objectives. The regulatory mechanisms are means which serve the purpose of achieving the objectives of the system. Lastly, it has the property of being recurrent and dynamic. The relationships between an economic system and its elements, the relationships between the elements as well as the characteristics of the system will continuously recur on the original scale or on larger scales. That is why a system has the nature of being a living entity. This kind of ability to survive cannot only keep systems in a relatively balanced state, but also enable them to develop. If there is no overwhelming force or other special factors which may destroy a system (whether these factors come from outside or inside the system), in general a system and its elements can, thanks to the functioning of the regulatory mechanisms, avoid or reduce the effects of various possible factors which impede its movement, and can thus survive and develop. Therefore, systems are of a recurrent and, at the same time, dynamic nature.

The concepts of systems and economic systems have existed for a very long time. Marx was the first to reveal and demonstrate the goal and the law of

movement of the capitalist production system. While building the socialist economy, people also frequently apply the concepts of systems and economic systems both consciously and unconsciously. For instance, the view that "the activities of the whole country are not unlike the moves in a chess game", "looking round well first", "unified planning with all-embracing consideration" and other policies are concrete examples of applying the concept of systems. In the current work of readjusting our economic structure and reforming our economic system, we also have to find good solutions to problems in our economic system, bearing in mind the reality of our country. The revival of economic systems as an important concept is inseparable from the development of systems analysis methods. Mechanic, piecemeal and partial approaches are far from being adequate to study social and economic systems which have complex relationships and undergo rapid change. The above approaches of analysis can be adopted only when the interaction between parts does not exist or may be considered as negligible and when the sum of partial processes is equal to the overall process. Now there is the need to adopt a new approach for systems analysis, which first investigates the whole, then formulates objectives and feasible alternative plans, compares their consequences, and decides on the courses of action by means of models. The various new developments in epistemology, economic theories and mathematics provide the prerequisites for adopting and disseminating this new approach. Ludwig von Bertalanffy first introduced the general theory of systems at a time when cybernetics and systems engineering were still unheard of. After World War II, the Rand Corporation in the United States evolved a set of systems analysis methods in its work of making selection and assessment of weapons systems development, in the organization and deployment of military forces, in the study of national security problems and in the analysis of public policies. In the strict sense, this is a scientific method for quantitative economic analysis and it is a useful tool for studying social problems, social policies, economic problems and economic policies.

Economic systems analysis considers economic processes as systems and consider economic systems as composed of interdependent variables. It seeks the means to achieve a formulated objective, chooses the alternative plan which, in the presence of very complex interactions, may result in better performance at less costs.

Thus, economic systems analysis contains the following major points:

1. Formulating the objective of a system. The overall objective of the system as a whole is the logical starting point of the analysis. The objective formulated must be an objectively recognized objective. The formulation of an objective must be as precise as possible so as to avoid misunderstanding. That is why the performance of a system as a whole must be measured precisely and assessed in concrete terms.
2. Investigating the environment of the system. The environment of an economic system includes nature and society and other external conditions. It has close relationships with ecology, calamities, war, national defense, politics, ideologies, culture and education, science and technology and other

factors, and is subject to their effects. The environment of a system is independent of and not subject to the control of the system, but produces, to various degrees, direct or indirect effects on the performance of the system.

3. Exploring the resources of the system. This is the internal means for the system to operate and includes both material resources and available manpower. The system itself is able to control, change and make more efficient use of its resources. In this context, resources refer to economic resources, instead of natural resources, which are conditions outside the system and belong to its environment.

4. Studying the elements of the system. A system is composed of elements. It is necessary to enquire into the characteristics of every element and find out how the elements interact so as to really perceive the structure of the system, that is, the organizational sequence of the elements. It is also necessary to measure the performance of each element while measuring the overall performance of the system so as to make sure that every element contributes to the overall performance of the system.

5. Implementing the management of the system. This is achieved through elaborating and implementing systems within the system. It covers formulating objectives, distributing resources and controlling performance and so on. On the other hand, altering plans is also part of the efforts to manage a system. Elaborating a plan includes an analytical and preparatory phase and a planning phase. While making analysis it is necessary to make forecasts, consider all kinds of uncertainty as well as how to deal with them. The plans must be worked out in the light of the organizational conditions and must be practical and feasible. Instead of leaving the planning work to a few team leaders, specialists in a large number of fields should be drawn into the team for consultation, and with the help of their special knowledge, plans may be genuinely translated into scientific and well programmed actions.

It follows from the content of economic systems analysis that this is not simply a method, a technique. It is mainly a process of consultation for making decisions through all-embracing, systematic and scientific analysis, for seeking, examining and evaluating appropriate courses of action at different levels of a system.

Economic systems analysis is closely related to economic cybernetics, but they are not the same thing. Economic cybernetics is the science of information communication, control and regulation inside economic systems. Its main task is to establish a set of economic management systems which are highly efficient but operate at low costs. Feedback, information as well as control are important concepts in economic cybernetics. From the viewpoint of cybernetics, an economy is also a system subject to control. But economic systems have a special trait, that is, being a basic factor, man directly and consciously takes part in performing the commanding, controlling and regulating and other functions. Control is an indispensable function of and economic regime. Plans require implementation and the implementation of

plans needs control. Coercion and inducement are two different ways of exercising control. Control through coercion requires administrative orders while control through inducement requires economic means and persuasion and education. The existence and formation of the concept of economic systems is a prerequisite for determining the object and characteristics of economic cybernetics. Economic control systems are the integration of economic processes, the people who manage the economic processes in a society and the economic information communication system which serves as a basis of management. The economic information communication system is the nervous system of the management of a national economy, and must match the economic processes which are of an objective nature and meet the subjective requirements of economic management. Economic systems analysis is a tool of consultation for making economic decisions while economic cybernetics is a tool of economic management. In order to improve decision making and perfect management, the study of economic systems analysis should go together with the study of economic cybernetics.

In some capitalist countries, economic cybernetics is mainly applied in modernized large enterprises. The economic activities of a large multinational company are often not less complex than those of a small country. Therefore, its management task is also very complex and cannot be accomplished without an appropriate theory and method. Apart from large industrial enterprises, telephone, electricity undertakings and other public utilities, government agencies at different levels also apply economic systems analysis to the elaboration of various types of public policies. In capitalist countries, although the productive forces are highly developed and the social nature of their production necessitates unified planning and management, the application of economic systems analysis and economic cybernetics to the national economy as a whole is subject to many constraints because of the existence of private ownership of the means of production. But, in a socialist country, since the economy is based on public ownership of the means of production and therefore is unified, there are greater possibilities and a broader future for developing the roles of economic systems analysis and economic cybernetics in planning and managing the national economy.

11. The Steps, Methods and Functions of Economic Systems Analysis

The gist of economic systems analysis is to help decisionmakers choose an economic policy, or decide on a better course of action or a better program of action. Its entire process includes the following five steps:

1. The phase of expounding objectives. This is the phase of formulating and defining problems. At this stage, the major work is to set and classify objectives, making sure that the final results to be attained may be assessed in a scientific way. If there are multiple objectives which are in conflict with one another, the various objectives should be arranged in order of priority established according to appropriate criteria.
2. The phase of developing plans, that is developing, on the basis of the data collected and the study of various relationships, various feasible alternative plans for solving problems and achieving the objectives.

3. The phase of evaluation, that is, the phase of constructing models, making forecasts, selecting criteria, analyzing and comparing the advantages and disadvantages of all alternatives, including contrasting and comparing the expected effectiveness and the estimated expenditure (costs) of all the alternatives.

4. The phase of making judgment and explanation. At this stage, the models are used to make analysis and forecasts, more data are collected, divergent views are considered and the various alternatives are further compared so as to draw a conclusion and expound the course of action taken.

5. The phase of testing the conclusion, that is, testing the conclusion and its premises, hypotheses, discovering whether and to which extent a hypothesis really affects the conclusion, judging if the conclusion corresponds to reality and if it is a satisfactory one.

The above-mentioned five steps form a sequence. But when we have proceeded successively from the first to the last phase, the economic systems analysis has not come to an end. On the contrary, alternatives should be repeatedly substituted and we should repeat the same sequence, investigating the objectives, work out plans, revise models, assess possible consequences, repeat tests until satisfactory results have been obtained or until the time available, the potential financial means, material resources and manpower are fully used.

Among the above-mentioned phases, stating the objectives is the most important step and is also the most difficult step. This is the result of a series of characteristics of economic objectives. Very often, there are many economic objectives, instead of a single one; generally speaking economic objectives are not completely in harmony with one another, but rather in conflict with one another; some objectives are qualitative ones, instead of quantitative ones, and are sometimes not precise; the choice of an objective is, although not made in the total absence of data, nevertheless based on the available data, which sometimes does not include all the required data; objectives are related to the means to achieve them so the means to be adopted have to be taken into consideration while setting an objective. Of course, neither is it easy to choose the criteria of evaluation, measure the effectiveness and costs in the other four phases. In general, the final solution is found by striking a balance between all the contradictions. Economic systems analysis is closely related to cost-effectiveness analysis and often includes the latter, although the scope of application of the latter is not limited to that of the former. Roughly speaking, the task of economic systems analysis is to answer what should be done while the task of cost effectiveness analysis is to answer how to proceed in a more cost-effective way. In most cases, what is cost-effective should be done. But, sometimes what should be done or what we cannot choose but do is not necessarily cost-effective.

The methods used in economic systems analysis approximately fall into three categories.

Category one: Empirical judgment. Although this category of methods does not play an important role in economic systems analysis, it still has a role

to play. Because economic systems are complex and subject to frequent changes and great uncertainty, it is not yet possible to make analysis without resorting to empirical judgment. Especially when working under pressure, decision makers and analysts can make good use of their rich experience. Empirical judgment is sometimes correct although it lacks refinement, and therefore is more meaningful than erroneous or belated but precise analysis. Sometimes, we can also grasp a problem through perception. Although the solution thus found is not perfect, it is better than perfect solutions to side issues. It is in this sense that people often cannot but admit that economic systems analysis is a science (of discovering laws), a technique (of working more cost-effectively) as well as an art (of using acquired skills).

Category two: Asking the views of experts by means of questionnaires. This category of methods lies between the first and the third categories. Its special feature is to pool the wisdom and experience of persons who have special knowledge or technical know-how by means of analyses and statistics. In order to ensure the quality of economic systems analysis, it is necessary to listen to the opinions of specialists in different fields and adopt their suggestions.

In order to pool the opinions of specialists, the United States has developed the Delphi technique which is similar to the method of investigation and study consistently stressed in our country. Delphi is a city in ancient Greece, famous for the oracle of Apollo. This technique is extensively used in evaluating policies, coordinating planning, forecasting economic trends and technological innovations, organizing decision-making and other activities.

The Delphi technique is a repeated process of asking the personal opinion of a panel of experts and then eliciting and summing up the replies. It has three features: 1) questionnaires are mailed and the respondents do not put down their names; 2) controlled feedback and substitution, that is, after processing and summing up the responses to a questionnaire, the investigating unit (or investigator) sends back the questionnaire to the respondents, enabling all the respondents to know the responses of the other experts. On thinking things over, a respondent may change his original responses. This is an iterating exchange of views by correspondence; 3) using statistics to group the opinions of respondents, which are usually represented by the median (instead of mean or aggregate) and making sure that in the final conclusion, which is a group opinion, the view of every expert is reflected.

Whether this technique can lead to an ideal conclusion depends on a number of factors such as the composition of the respondents, the information available to them for answering the questionnaire, the identity of the investigator. It also has a number of shortcomings. Exchanging correspondence is time-consuming work, it is impossible to hold face to face discussions and it is hardly possible to put questions which are precise and need no further explanation. But once appropriately improved upon, this technique is useful for dealing with problems in economic system analysis which cannot be handled by means of the methods under the third category, that is, models.

Category three: Constructing and applying models using quantitative analysis. These are systematic, precise and quantitative methods (including figures) and are most frequently used. Its feature is greatly exploiting the potentials of mathematics and computers, most parts of the analysis are made by means of various models. Each of these models represents an economic reality, reflecting the essential relationships in reality on the one hand and leaving out the inessential ones on the other hand. These models can be used to gather and process information as well as to elaborate plans and select a plan. In economic systems analysis, the use of models by words is not excluded. (Simulation models are the simplest example) Sometimes, models by words serve as "guidelines" and are often used in conjunction with models using quantitative analysis. Models using quantitative analysis should not be over simplified; otherwise we cannot use them to grasp economic reality. But, neither should they be too complex; otherwise it will be very difficult to process and operate. As to how abstract or how realistic a model may be, this depends on the requirements of an analysis, the ability of the analysis and the available data.

Models using quantitative analysis include mathematic models and models using computer simulation. There is a large variety of mathematic models. They have the advantage of using deductive methods which follow the strict rules of logic, being concise and exact and providing the possibility of calculating the data gathered through observation. Models using computer simulation have greater structural similarity with economic reality and most of them are presented in the form of flow diagram, which is a process of successive calculations. They are better adapted to the understanding and operating of economic systems which have complex requirements, for they use basic events of which the evolution is easy to understand, to project intricate processes. The computer not only provides a handy way of calculation in economic systems analysis, but also reveals a new area where mathematical theories and solutions do not exist.

Economic systems analysis is a tool of consultation in the course of making economic policies. While econometrics, input-output analysis and other economic quantitative analyses are used to evaluate economic policies which have already been worked out, economic systems analysis directly helps leaders (decision makers) make correct economic policies and thus bases economic policies on thorough investigation and in-depth scientific analysis. With the help the economic systems analysis, leaders may sharpen their perception, make more reliable judgment, "be abreast of" the problems confronting them, make a series of logical decisions on important policies, avoid parochial points of view and avoid making serious mistakes in decision making. Economic systems analysis enables leaders to choose better courses of action by providing them with well-grounded suggestions. At the same time, economic systems analysis provides leaders with the knowledge necessary to decision making and thus improves their capacity of decision making. Close cooperation and frequent exchange of views between leaders and consultants (analysts) are the keys to successfully using economic systems analysis in making correct decisions.

III. From Economic Systems Analysis to Economic Policy Analysis

Economic policy analysis is the application and development of economic systems analysis. It helps decision makers to choose and decide on economic policies, and analyse and study the consequences of economic policies as well. Its steps and methods of analysis are the same as those of economic systems analysis. But economic policy analysis is a more concrete subject matter, has wider application and involves a larger number of disciplines.

There are three major forms of economic policy analysis: 1) Using various economic models to evaluate and simulate different economic policies, that is, changing the instrument variables of a policy and observing the effects the objective variables of the policy; 2) Adopting the methods commonly used in quantitative analysis and empirical research, instead of using specific economic models, analysing and studying the direct and indirect effects of important economic policies in the society, their positive and negative functions, their long term and short term consequences so as to revise or perfect the existing economic policies or to work out new economic policies; 3) Organizing and coordinating the work of specialists in different disciplines, carrying out interdisciplinary experiments on some public policies (such as policies on environmental pollution and protection, policies on tapping and using manpower and natural resources and so on) as well as on the laws and rules and regulations in force. Therefore, policy analysts not only must know economics, but also must have a knowledge of other social sciences and natural sciences. They must master various methods of analysis, break through disciplinary boundaries and undertake interdisciplinary research projects. These three forms of economic policy analysis are the same in substance, for they all quantitatively analyse and evaluate the consequences of various policies. They are different only insofar as their forms of organization and approaches are concerned.

In a capitalist country, public policies (including cutting government expenditures and other fiscal policies, raising or lowering interest rates and other monetary policies, changing exchange rates, customs duties and other foreign trade policies) are expected to cope with a continually changing situation due to the development of private economy and the intensification of state intervention. But changes in these public policies will produce different effects on the economy as a whole. For the government, it is necessary to understand what consequences a public policy may have, while for the enterprises, it is necessary to know why the policy is adopted and how the policy will work to their advantage or to their detriment so as to exert an influence on changes in the public policy. This is propitious for various kinds of policy analysis to come into existence and to develop.

Economic policy analysis has greater significance in a socialist country, because the leading role that economic policies play in the national economic development is far more evident and much greater in the planned socialist economy than in the capitalist economy. Attaching real importance to policy study is a good tradition of our party and our country. Our traditional policy study serves the purpose of formulating policies and finding out how policies are implemented. This is basically a qualitative study and its

major method is a method common to all kinds of investigation. While building a modernized socialist country, we are facing a growing objective requirement: using systems analysis to analyze and study quantitatively and experimentally economic policies and their effects both prior and subsequent to their implementation, analyzing and evaluating the expected and actual consequences and effects of various economic policies, measures, orders, rules and regulations within the national economy. Undertaking careful academic research on the effects of the past economic policies, objectively analyzing and evaluating the current economic policies will create prerequisites for efficiently improving and developing economic policies in the future. Research workers engaging in the disciplines of systems and economics should fulfill their duties as competent consultants, advising how society and the economy should be run.

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NATIONAL POLICY AND ISSUES

CORRECT USE OF INVESTMENT FUNDS DISCUSSED

HK270749 Beijing JINGJI RIBAO in Chinese 13 Jan 83 p 2

[Editorial: "Strictly Control the Total Scale of Investment in Fixed As:]

[Text] An important principle for our economic work is to strictly control the total scale of investment and reasonably utilize funds for construction so as to improve returns on investment. In his report on the Sixth 5-Year Plan at the Fifth Session of the Fifth NPC, Premier Zhao Ziyang laid down five relevant stipulations. We must earnestly follow them so as to ensure the smooth implementation of the Sixth 5-Year Plan.

In recent years, because of the decentralization of planned management, many localities have invested funds outside budgets in quite a few projects without being listed in plans and have built many processing industries beyond social needs or without guarantees for the supply of power and raw materials. This has thus resulted in excesses of large margins of investment in fixed assets over the targets prescribed in plans for 2 successive years. This is a conspicuous problem at present in economic work. If this state of affairs fails to be changed rapidly, it will once again cause disproportion in the national economy and will spoil the results achieved in the recent years' economic readjustment. On this problem, we have been through some painful and profound historical experiences. Since planned socialist construction began in our country, our capital construction has experienced vicissitudes which have caused serious losses and consequences. We must draw lessons and guard against "a recurrence of the old illness." [words indistinct] is a problem of overall character related to the overall balance of the national economy as a whole and its smooth development. Many construction projects seem to be necessary and reasonable from the point of view of an area, a trade or an enterprise; but viewed from a nationwide point, they disturb the overall balance and exceed social needs. Therefore, we should have an overall viewpoint and act strictly according to the Sixth 5-Year Plan. The practice of recklessly adding items to investment must be stopped.

Controlling the total scale of investment in fixed assets is a complex piece of work. At the present stage, we must tightly grasp the following three important links:

1. It is necessary to straighten out the orientation of investing funds raised by local units. In the last 2 years, the area in which quotas prescribed in plans were exceeded to the most serious degree was in the investment of funds raised by localities, departments and enterprises themselves and various bank loans. Ill-considered investments do seriously exist in this area. At present the amount of funds not included in state budgets accounts for over 60 percent of that included in budgets. We must strengthen the management of these extrabudgetary funds and give necessary guidance so as to ensure that they are invested in the key areas, such as energy and communications construction, that are urgently needed by the state. Thus, they can function as a beneficial supplement to the state finances and state investments. Their potentially negative role of going against state plans can thus be prevented and eliminated.

2. It is necessary to strengthen the banks' investigatory and supervisory role. In order to effectively control the volume of investment, banks at all levels must issue loans for investment strictly according to the centralized plans for credits and investment in fixed assets. No bank can issue loans for the investment item which are not included in the plans or for those without technical and economic appraisal and not in compliance with the procedures for capital construction. At the same time, banks should strengthen their examination and supervision of investment activities, correctly give play to the leverage of credits and interests rates in the economy, and cooperate with the planning departments in making checks.

3. Funds for technical transformation should be properly utilized. At present, the investment in replacing and transforming equipment accounts for one-third of the total investment in fixed assets each year. However, the backward conditions in enterprises, in which equipment is obsolete and processing technology is outdated, have not been markedly changed. The reason for this lies in the fact that most funds, in the name of technical transformation, have been used for capital construction. The funds for technical transformation arranged in the Sixth 5-Year Plan are much more than before. We must actually guarantee that these funds are used for the purpose of technical transformation which they were earmarked for. The stress should be placed on energy conservation, improving product makeup and improving product quality and property so as to transform old enterprises and bring their role into better play.

Strictly controlling the volume of investment in fixed assets on the level in conformity with the nation's strength is a problem not only related to whether the Sixth 5-Year Plan will be fulfilled successfully or will fall through but also related to whether we can effect the strategic step of laying a good foundation in the first decade for the economic take-off in the second decade. Leading comrades in the planning and economic departments at all levels should take it as an important task in the creation of a new situation in socialist modernization and effectively and successfully handle it.

NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' DISCUSSES ECONOMIC RESULTS

HK210639 Beijing GUANGMING RIBAO in Chinese 9 Jan 83 p 3

[Article by Cao Wenju: "We Must Focus on Studying Several Questions in Raising Economic Results"--passages within slantlines published in boldface]

[Text] Economic results are the comprehensive expression of the quality of work of all links and aspects in the course of social production and reproduction. The 12th CPC Congress decided to shift all economic work onto an economic-result-oriented track. This was a correct decision made in light of the experience obtained in our country's economic construction. However, in order to realize this change, we must not only correctly handle the relationship between the growth rate and the economic results and between the planned economy and the role of the market as a regulation mechanism, but also the relationship between certain elements, in the following aspects.

/1. Correctly handle the relationship between the intension form and the extension form of expanded reproduction, and take the path of technical transformation and expanded reproduction centering around the intension form./

The Marxist theory of reproduction taught us that there are two types of expanded reproduction, namely, the intension form and the extension one; and there are different choices and the focus must be put on different aspects at different development stages of productive force. In general, the extension type is the major form when the industrial base is still weak. However, when a sound industrial base is already available, industrial development should gradually shift to the intension type, as this latter form saves funds, take shorter cycles and scores quick results. Since the founding of the PRC, we have hitherto adopted the establishment of new enterprises as our major means of expanded reproduction, and this has been a necessary step for that period. Today, after more than 30 years of construction, a relatively complete industrial system and national economic system have already been built up in our country, which provide us with a solid material and technical basis for fulfilling our strategic goal. We should concentrate our main efforts on the technical transformation of our existing enterprises and try every means to achieve a quadrupled output value and marvelous economic results with a quantity of energy consumption and raw materials equal to our present level.

In order to properly carry out the technical transformation of industry, the following problems must be solved:

First, we must work out an overall plan and carry it out step by step and in an orderly way. Technical transformation includes the replacement of old products by new products, the improvement of production technology, the replenishment of equipment, the strengthening of weak links in production and the enhancement of administrative quality. This is a long-term task for the overall consolidation of enterprises or even the whole of industry, which calls for comprehensive planning and needs to be carried out in a planned way, step by step, by stages and in groups. The plan should be worked out with focus placed on cities, with stress put on various trades and products, and based on the principle of integration of departments' and regions' work.

Second, we must put stress on those key enterprises and give priority to those projects which may bring about marked results. We must decide on which are the key enterprises to be transformed and work out our transformation steps, adhering to the requirement of taking instant effects, short-term effects as well as long-term effects into consideration and integrating the microeconomic effect with the macroeconomic effect, and in accordance with the principle of being technically advanced, applicable and reliable and economically feasible. The practice of promoting everything simultaneously must be avoided. At present, we must concentrate our efforts on those large-scale backbone enterprises which have an important bearing on the whole situation of the national economy and can produce prominent economic results through transformation, treating them as the core of the key points.

Third, we must implement correct technical and economic policies. We must work out the policy and measures for pushing ahead technical transformation, with our main emphasis placed on two aspects: the one is to concentrate financial, and material resources and technical force on technical transformation, by means of planning, policy making, and the use of economic levers and administrative intervention; and the other is to push enterprises, by means of economic interests, to show concern for the improvement of production techniques. By and large, only if our policy is correct we will be able to fully mobilize the initiative of various departments and regions in technical transformation, turn technology into productive force soon and thus create greater economic results.

/2. Correctly handle the relationship between production and circulation, and give full play to the role of circulation as a medium in promoting production and meeting consumer demand./

As a bridge between production and consumption, circulation is a condition for and the continuation of production. Only through this middle link of circulation can the commodities manufactured in the course of production provide their utility and value, and the economic results created in production become real economic results. At present, as production has been developed and there are more commodities, daily consumer goods are shifting from a sellers' market to buyer's market. This new situation requires us to devote efforts to reforming

the link of circulation, so as to enliven circulation, keep it in line with the development of the whole economy and ensure the enhancement of the Society's ultimate economic results.

In order to raise economic results in the field of circulation, we must study the following aspects:

First, we must change our present closed circulation system, which has few channels but many links, into an open one with multiple economic forms, plenty of circulation channels and many management forms but few links. We must expand, dredge and increase circulation channels so that commodities can be circulated smoothly.

Second, we must make up our minds to do away with those unreasonable intermediate links in the circulation of commodities (including links existing in industry, commune and brigade-run enterprises, and supply and marketing departments. We must try every means to reduce the circulation links between production and consumption under the guidance of the state plan. At the same time, we must study how to properly handle those problems which emerge in the reduction of links and have concern with the economic interests of all aspects.

Third, we must eliminate the separation between town and country in commodity trade and implement a new system linking towns with the countryside. This is an important reform in the state-run commercial system of the last 30 years. Only by resolutely removing the blockade between town and country and opening up channels can we increase the import of industrial products into country, boost the flow of materials between town and country, and bring to life the main channel.

Fourth, more economic interests should be granted to retail-sale enterprises so as to give full play to their initiative. To increase the sale of products we mainly depend on the role of retail enterprises. Therefore, we must adopt appropriate economic policies, to adjust the profit sharing ratio between the wholesaler and the retailer, adopt the business principle of small profits but quick turnover, and change the present situation of great profits for wholesalers but small profits for retailers, so as to mobilize the initiative of retail enterprises in doing business.

Fifth, strengthen market forecast and information exchange. At present, as there is a divorce between production and marketing, the feedback of marketing information is very slow. One of our remarkable malpractices is that we used to be informed of shortage only after a commodity was out of stock and everyone rushed to purchase, and would overproduce a commodity when it was already an overstocked commodity. Commercial departments must inform production departments in good time of market movement and guide them to produce cheap and marketable quality products in light of social demand, so as to avoid blindness in production and management.

13. Correctly handle the relationship between the state, the enterprise and the staff members and workers with regard to economic interests, give full play to the initiative of various circles in improving management and enhancing economic results./

In order to fulfill our strategic goal for the next 20 years, we must take the interests of the state, the collective and the individual equally into consideration, fully mobilize the initiative of the central organs, local units, departments, enterprises and laborers, organize them in a scientific way and enable them to play their roles in the most effective way. This is also the most important way of enhancing economic results. In view of our practice at the previous stage, we must lay stress on solving the following problems:

First, reasonably distribute the profits made by enterprises while adhering to the principle of more profits for the state. The reason is that the production means of an enterprise, including fixed assets and circulating funds, are invested by the state. As these production means belong to the state which represents the whole people, the controlling and distribution power over the surplus products produced by enterprises also belongs to the state. The principle of more profits for the state is a mark of the ownership by the whole people in a distribution system. On the other hand, the state is responsible for carrying out key projects, maintaining national defense, providing educational facility, promoting scientific studies and cultural cause, and so forth. With a greater portion of profits shared, the state can plan and run various undertakings in a unified way. This is in turn the prerequisite for developing enterprises and increasing the income of the individual, which is in keeping with the basic interests of the working class and the whole people. Upholding the principle of more profits for the state is particularly necessary at the present stage when the financial and economic situation of the state has not as yet seen a basic improvement.

Second, we must adhere to the principle of rewarding the industrious and punishing the lazy, and oppose egalitarianism. The principle of rewarding the industrious and punishing the lazy must be upheld with regard to parties, enterprises and employees; and the reward and punishment system must genuinely be carried out. For enterprises, we should never reward them all whether they are doing a good job or not. Our purpose is to encourage enterprises to enhance economic results by tapping latent power, make more profits and increase the revenues to be distributed. As for the staff and workers in an enterprise, we must insist on reward for overtime, and increase wage differentials, granting bonus according to the amount of overtime and reducing the basic salary of those who fail to fulfill production quotas. In short, the reward and punishment system must be fair.

Third, integrate the implementation of the principle of distribution according to work with the advocacy of communist labor. In order to fully mobilize the initiative of enterprises and staff and workers, we must conscientiously uphold the principle of distribution according to work in implementing the

policy of distribution. However, in carrying out ideological education, we must teach our cadres and staff members and workers to establish communist ideals, and encourage them to engage in labor in the spirit of communism — to strengthen their sense of responsibility as the masters. Only by attaching equal importance to ideological and political education and the material interests of the staff members and workers and by integrating the economic responsibility system with a sense of political responsibility, can we constantly maintain the socialist enthusiasm of our laborers.

CRD: 4906/297

NATIONAL POLICY AND ISSUES

PROMOTING REFORM, ECONOMIC WORK DISCUSSED

HK240341 Kunming YUNNAN RIBAO in Chinese 8 Jan 83 pp 1, 2

[Editorial: "Resolutely Carry Out Reforms and Firmly Grasp Economy"]

[Text] The fifth session of the Fifth Provincial People's Congress has come to a successful conclusion. The fourth session of the Fifth CPPCC Provincial Committee will also open today. These two meetings, convened after the historic 12th party congress and the fifth session of the 5th NPC, will also be the final session of the current provincial people's congress and CPPCC provincial committee. These two meetings are very good and very dynamic. The deputies to the provincial people's congress and the members of the CPPCC provincial committee freely expressed their views, summed up achievements in building socialist material civilization and spiritual civilization made by our province in 1982 and conscientiously examined and discussed the main points of Governor Liu Minghui's report on the work of the government as well as the 1983 plan of our province for national economic and social development. The congress also approved relevant resolutions. It held that the assessment of the political and economic situation in our province is realistic and the tasks put forward for 1983, as well as the 10 items of work which must be properly carried out, are positive, appropriate and feasible.

We have already crossed over to 1983. This is the first year of creating a new situation in all fields of socialist modernization as well as the first year of implementing the new constitution and struggling for permanent order and stability in the country. Making a good start will have a great impact on future development. How can we make a good start? The primary task is to firmly grasp economic work. Making a success of this work is the foundation that will further enable the whole political and economic situation of our province to keep on turning for the better. We must continue to get rid of the influence of the "left," further emancipate our minds and more boldly carry out reforms. We must continue to give priority to agriculture and conscientiously implement the policy of "definitely not slowing grain production and actively developing diversified economy." We must further make a success of readjusting and restructuring, expend more effort in readjusting the enterprises, comprehensively carry out, stabilize and perfect various economic responsibility systems and shift the whole of economic work to the orbit centered on raising economic results. Under the premise of raising

economic results, we must enable industrial and agricultural production to maintain a faster rate of growth. In making a success of economic work, we must also pay attention to proceeding from actual conditions in our province and fully bring our superiority into play. Compared with other provinces with faster economic and cultural development, our province is comparatively backward, regardless of whether in technical levels or in administration and management levels. The gap is even greater in the border nationalities regions. However, this is only one aspect of the problem. The other aspect also explains that there is great potential. Our province has favorable natural conditions and a great abundance of resources. After many years of efforts, we have also a definite foundation in industry and agriculture as well as in science and technology. At the same time we must concretely study from policies and measures how to change the inferior aspects to superior aspects, truly succeed in developing our strong points and avoiding shortcomings and achieve better economic results. At present, all parts of the province are, in accordance with the spirit of the notice issued by the provincial party committee and the provincial people's government, extensively and enthusiastically holding a major discussion on "the whole country is quadrupling production, what are we going to do?" By means of this discussion, the strategic economic goal of quadrupling production set forth by the 12th party congress will be more deeply implanted in the people's hearts. This will further unify the thinking of various nationalities in the province and centralize their wisdom and creativeness. This is a powerful spiritual force. Party committees and people's government at various levels must fully arouse this enthusiasm of the cadres and masses, keep a foothold on the existing foundation, pay attention to immediate problems, conscientiously carry out the work of 1983 and step by step advance toward this grand goal at the end of the present century.

In the new year, we must adhere to the policy of paying attention to both socialist material civilization and spiritual civilization. While paying attention to the building of material civilization, we must at the same time pay attention to the building of spiritual civilization. We must continue to study thoroughly the decisions of the 12th party congress, properly organize the study and propaganda of the new constitution and also resolutely implement the new constitution. The provisions and measures of the new constitution were a sign of the building of our socialist democracy and legal system entering a new stage. It is one of our basic guarantees for achieving the strategic goal set forth by the 12th party congress. Party organizations and people's government at various levels must organize the cadres and masses to study the new constitution, so that it will be known to every household and understood by all people. Leading cadres and party members at various levels must use their exemplary example to set the pace for the masses in observing, implementing and safeguarding the constitution. This will play a decisive role in the enforcement of the constitution. In developing socialist democracy and perfecting the socialist legal system, we must at the same time strengthen ideological and political work and bring about a turn for the better in social ethics and the further stability of social order.

This meeting in particular passed a "resolution on promoting a further turn for the better in social ethics throughout the province." This was an important distinguishing feature of the meeting. To bring about a turn for the better in social ethics is an important item in the building of spiritual civilization as well as an important guarantee for the building of socialist material civilization. The resolution called on the people's government as well as departments, mass organizations, enterprises, units, schools, neighborhoods, and rural communes and production brigades to conscientiously discuss and extensively propagate the demands and provisions in these fields. This is of very important significance to promoting a turn for the better in our province's social ethics. All localities should in connection with actual conditions in their own districts and units take effective measures to conscientiously implement them.

In the new year, we must also pay proper attention to structural reforms at the provincial, prefectural, county and city levels, and by means of readjusting and reforming the structure, set up a more revolutionary, younger, better educated and highly professional cadre contingent. Apart from reforming the structure, there is also the reform of the industrial and commercial systems. What is the reason for the rich harvests for several years in a row in the agricultural production of our province in recent years and why has this favorable tendency appeared? A very important reason is that the various responsibility systems with payment linked to output of mainly fixed output quotas for each household have done away with the condition of "eating from the same big pot" and aroused the peasants' enthusiasm. Industry, commerce and other trades must also emancipate their minds, boldly carry out reforms and set up various forms of economic responsibility systems. Recently, some localities and systems have been conducting experiments at selected points. These selected points must certainly actively carry on the work, enthusiastically support the creativeness of the masses, conscientiously sum up experiences and popularize them. They must radically change the former system of "eating from the same big pot." Only in this way can we stimulate the enthusiasm of the cadres and workers, strengthen their sense of responsibility as masters and promote the development of production. Otherwise, there is no way out for economic work. No doubt difficulties and obstructions will be encountered in carrying out reforms. Those who are determined to carry out reforms must have the courage to surmount difficulties and eliminate obstacles. The pace of reform must be steady but the attitude must be firm. This is an extremely important work in creating a new situation and notable results must be achieved.

The tasks before us are formidable and heavy, but we are full of confidence. We must pay attention to overcoming two kinds of tendencies in this connection: one is the tendency of not seeing that there are still many difficulties and problems on the path of advance and thinking that fulfilling the tasks of 1983 and achieving the target of quadrupling production can be easily done. This is of course wrong. The other tendency is inappropriately exaggerating the degree of difficulty as well as existing problems and failing to see the favorable conditions as well as the positive factors of the new developments already made.

Consequently, there is not enough confidence and the lofty aspiration of actively surging ahead is lacking. This is a greater mistake. The road we have taken and the achievements we have made in recent years have testified: as long as we rely on the masses and make joint efforts, it is highly hopeful and entirely possible to fulfill the various tasks of 1983 and quadruple the gross annual output value of industry and agriculture by the end of this century. The convening of the fifth session of the Fifth Provincial People's Congress and the fifth session of the Fourth CPPCC Provincial Committee is also for the sake of arousing the positive factors on various fronts and in various fields and mobilizing the forces of various nationalities throughout the province to struggle for achieving the strategic goal put forward by the 12th party congress. Of course, possibility and hope are still not the same as reality, and we must still work steadily without letting up for even a single day. This is the glorious duty with which history has entrusted us. New things are always emerging. Leading cadres at various levels must go deep into reality, carry out investigation and study and acquaint themselves with as well as master firsthand material. All departments and leading members at various levels must diligently, promptly and carefully study the new conditions, sum up the new experiences and solve the new problems. Only in this way can we develop a new situation.

Everything looks fresh and bright at the beginning of the new year. We must bring a new atmosphere, new achievements and new contributions in all fields of work. This is the wish of people of various nationalities throughout the province. We must conscientiously implement the spirit of the 12th party congress as well as the spirit of the Fifth NPC, further strengthen unity between the army and people and between the army and government, further strengthen unity among people of various nationalities throughout the province and strive to uphold as well as develop the socialist national relations of equality, unity and mutual assistance. With the army and people of the whole province united as one and diligently studying and working with a new attitude, we will certainly be able to create a new situation in socialist modernization in our province and add new splendor to our great cause.

(50: 4006/207)

NATIONAL POLICY AND ISSUES

THREE KEY REFORMS DISCUSSED

HK211355 Beijing BEIJING REVIEW in Chinese No 3, 17 Jan 83 pp 4-5

["Notes From the Editors" by Economic Editor Wang Dacheng: "Three Key Reforms"-- passages within slantlines published in boldface]

[Text] /China's economic reforms in the next 3 years will focus on the substitution of taxes for profits delivered to the state in the case of state-owned enterprises, maximize the role of the more economically developed cities and reform the system of commodity circulation. Why?/

Premier Zhao Ziyang announced these three key reforms in his report on the Sixth Five-Year Plan (1981-85) (See Issue No 51, 1982). They are a continuation and development of the reform of the economic system which began in 1979. Their purpose is to improve the leadership of the state over enterprises, break down the barriers between regions and departments in their economic activities and fuse production and circulation, which are two independent systems, into an organic whole so as to further stimulate the national economy.

Now, departments and localities are adopting measures to make 1983 "a year of reform."

/Substituting taxes for profits./ Beginning in the 1950s, China adopted a highly centralized and unified economic management system which placed great limitations on the enterprises. In the past 3 years, while improving the planned management, we have enlarged the decision-making powers of the enterprises and conducted experimental reforms in more than 6,000 state enterprises. Most of these retained a given portion of their profits, while 400 other enterprises experimented with the substitution of taxes for profits. The results proved that the latter was more satisfactory.

In all these enterprises where the experiment was conducted, the earnings from the sales were markedly higher than the increase in the gross output value, and the greater part of the profit increases was handed over to the state in the form of taxes and payments for the use of state funds. The income of the enterprises also increased and was used for production development, employee benefits and bonuses for individual workers and staff members. Thus, fundamental changes have marked these state enterprises, which in the past operated under the system of unified allocations and unified collection of receipts and the method of "everybody eating from the same big pot," thereby making no efforts to make any improvement.

At present, it is not possible to substantially readjust the current irrational prices, so taxes have become an important economic lever which we can make use of. Reasonable tax rates can increase financial income and regulate the relationship between supply and demand for commodities. The substitution of taxes for profits is an example of the state exercising leadership over the enterprises through increasing the use of economic levers as regulations instead of merely employing administrative means.

Maximizing the function of economic centers. Another acute problem in China's current economic management system is that enterprises are managed according to the administrative divisions and administrative departments to which they belong. What is more, they are often independent from each other. Hence, a duplication of leadership. All this creates economic barriers between town and country and between the regions as well as between the departments and results in wasteful replication of production facilities and public utilities. It is difficult to get anything done efficiently.

To solve this problem, it is necessary to simplify and merge the administrative agencies at various levels and properly divide their functions and powers. An important step to this end is maximizing the role of the more economically developed cities. Apart from a few national corporations and large key enterprises which must be directly administered by central authorities, the vast majority of other enterprises, including those formerly administered by provincial authorities, should be run by city authorities. At the same time, prefectural administrative authority will be revoked to enable the more developed cities to exercise leadership over the surrounding counties and over construction in the countryside in order to facilitate the gradual formation of economic zones centering on the cities.

More than 10 cities including Shenyang and Amshan in northeast China's Liaoning Province have been the administrative centers for the surrounding counties and rural areas for many years. Their practice shows that this system is conducive to industrial support of agriculture, promotes the interflow of commodities between the cities and countryside and accelerates the development of scientific and cultural undertakings in the countryside. This year, experiments will be conducted in east China's economically developed Jiangsu Province.

Reforming the commodity circulation system. For a long time, the practice was to take production as the key link and separate industry from commerce. The productive enterprises only stressed output and the targets of output value, and were not directly responsible to the demands of the market. On the other hand, as state agencies, the commercial departments found it difficult to free themselves from the strictures created by administrative divisions. The situation was further complicated by poor management and a too complex circulation system, causing a serious waste of labor power.

Commodity circulation is an intermediary between production and consumption. All possible efforts should be made organizationally to form them into an organic whole and link production directly with market demands. State commerce constitutes the major part of the unified socialist market. At the same time, we must try to maximize the positive role of collective commerce and individual commerce, as well as the role of enterprises marketing their own products. It is also necessary to break down the barriers between areas, open up more channels for commodity interflow between the towns and countryside and reduce middle links so as to ensure smooth 'commodity circulation.'

ECONOMIC PLANNING

BRIEFS

TRANSFORMATION, MODERNIZATION DISCUSSED--Today, QINGHAI RIBAO published a commentator's article entitled: "There Will Be No Modernization Without Transformation." The article says that all fronts, places, departments and units have the task of transformation and must eliminate their outmoded conventions and work style which hinder us from advancing. They must study the new situation, solve new problems, sum up new experiences and formulate new regulations. The current situation is that the central principles and policies are very clear and we have examples of transformation and experiences in pilot projects. The masses strongly require transformation. However, some people are still not enthusiastic about transformation. Some do not like to take risks, and they wait and see. Some are accustomed to eating out of a big pot and holding an iron rice bowl. Some have not eliminated the leftist and outmoded conventions and are afraid at the sight of a knife. Some have not gone to rural areas and factories and contacted the masses for a long time. They have not understood reality and have lacked the active and enterprising spirit and so on. The commentator pointed out that transformation is imperative and that in accordance with the central measures and proceeding from reality, we must resolutely and systematically carry out transformation. Being bold to carry out transformation is the characteristic of a revolutionary. He expressed the hope that these comrades will quickly catch up with the development of the situation. [Text] [HK251148 Xining Qinghai Provincial Service in Mandarin 1100 GMT 24 Jan 83]

HAINAN POLICY MEASURES--Speaking at a Spring Festival comfort gathering held at Yulin on the evening of 22 January, provincial CPC committee secretary and Governor Liu Tianfu said: The party Central Committee and State Council are very concerned for the building of Hainan. They have decided that Hainan should be given more decisionmaking powers in external economic activities and that a still more open-door policy should be instituted on a trial basis. The internal policies should be more relaxed and the economy enlivened, so as to speed up the exploitation and building of Hainan. Comrade Liu Tianfu stressed: In the past achievements were scored in work in Hainan as a result of help and support provided by the PLA. In the future this help and support will be even more indispensable in speeding up Hainan's exploitation and building. [Text] [HK230226 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 22 Jan 83]

CSO: 4006/207

AGGREGATE ECONOMIC DATA

SICHUAN INDUSTRIAL PRODUCTION IMPROVES

HK190849 Chengdu SICHUAN RIBAO in Chinese 9 Jan 83 p 1

[Report: "Unprecedentedly Favorable Situation Appears in Sichuan's Industrial Production"]

[Text] Sichuan's industrial production developed steadily in 1982 with a great increase in both output value and profits. This was achieved due to good implementation of the principle of readjusting, restructuring, reorganization and updating and thanks to the efforts made by the province's workers on the industrial front in taking different measures to increase production and practice economy with the principal target of improving economic returns. Recent figures show that the total output value of industry in 1982 rose to 30.1 billion yuan, an increase of 9.3 percent over 1981. This rise greatly overfulfilled the annual plan of 1982. Localities such as Chengdu, Zigong, Wanxian, Fuling, Neijiang, Mianyang, Nanchong, Daxian, Liangshan and various provincial enterprises of the metallurgical industry, machine building, military industry, medicines, building materials, agricultural machinery, light industry, foreign trade and food processing all made an increase in gross output value higher than the province's average percentage. Of the province's 100 major products, the annual output of 67 items in 1982 was higher than that in 1981. Meanwhile, the growth rate of income from sales of industrial products in 1982 was higher than that of industrial gross output value, just as the growth rate of profits submitted to the state treasury was higher than that of actual profits of enterprises. The circulation rate of funds also improved by cutting the number of days. In 1982, the province's industrial production developed at a speed quicker than expected, and also saw much improvement in economic results. An unprecedentedly excellent situation has emerged in our province's industrial production.

In 1982, localities and departments in Sichuan continued to carry out the principle of readjusting. With the aim of improving economic results, enterprises which turned out low-quality products with high energy consumption or had long been operating at a loss were shut down, or suspended operation, or were amalgamated with other enterprises or switched to the manufacture of other products, while other enterprises continued to consolidate themselves, made further readjustments in the product mix, changed their service orientation and firmly followed the principle of bringing into play the supplementary,

regulatory role of the market in the planned economy so as to ensure a steady, balanced development of industrial production. In 1982 more development was also made in the daily consumer goods industry. Since the 3d Plenary Session of the 11th CPC Central Committee, the province's light industry has expanded quickly and consumer demand has been met fairly well. At the same time, a new situation cropped up. Once consumer demand for some major daily necessities had been met, a demand for more products with new fashion, good in quality and cheap in price grew. In order to meet this new demand, the broad masses of workers on the light industrial front exerted all their strength to fulfill the task. Consequently, the gross output value of light industry in 1982 rose by 5.4 percent over 1981.

In 1982, the province's heavy industry also developed at a steady pace. With further readjustments in the product mix and with continuous efforts to arrange production according to social needs and to increase the variety of products, the province's heavy industry successfully changed its service orientation to meet the needs of agriculture, light industry, the market and technical transformation of enterprises. As a result, the total annual output value increased by 13.4 percent over 1981 and exceeded the level in 1979, a year prior to the introduction of the principle of industrial readjustment.

In 1982, marked successes were achieved in exploiting resources and in practicing economy in its consumption. Compared with 1981, total electric generation rose by 4.4 percent, coal by 2.7 percent and oil by 4.8 percent when natural gas overfulfilled the annual plan by 4.9 percent. All this resulted from the efforts of various departments to improve the management work and adopt a series of measures for energy saving. In a number of enterprises, practicing economy in energy consumption went hand in hand with the implementation of the economic responsibility system. Efforts were made to carry out technical transformation for some major equipment with high energy consumption, promote advanced techniques of practicing economy in energy consumption, develop comprehensive utilization of energy and enhance thermal efficiency. As a result, remarkable achievements were made in this field. The energy consumption of enterprises which could yield output value over 100 million yuan dropped by a big margin.

In 1982, many enterprises achieved good results in making their products more desirable on the domestic market. Sixteen of the province's products were awarded a national prize for good quality. Of principal raw materials and fuels, 58 kinds were successfully reduced in consumption. Industrial gross output value, the total amount of selling industrial products and enterprises' profits submitted to the state all increased. This changed the situation in the previous 2 years in which industrial gross output value increased, but enterprises' profits decreased. With the increase in marketing industrial products, the circulation rate of funds improved to a cycle of 133.4 days, instead of 137.5 days in 1981. Many enterprises began to give up their old practice of focusing on production but ignoring technology and paying attention

to capital construction but neglecting technical renovation, and began to attach importance to integrating technical research with production. Some enterprises carried out technical transformation as their main work and actively updated their equipment. They made tremendous efforts to improve the quality of their products, increase varieties, upgrade products, reduce consumption of raw materials, reduce production costs and achieve higher profits. Statistics show that the province's allocated investment for updating equipment and technical transformation in 1982 broke all time records. The investments allocated for technical transformation were much more than those for fixed assets.

CSO: 4006/207

AGGREGATE ECONOMIC DATA

BRIEFS

NEI MONGGOL INDUSTRIAL OUTPUT--The No 2 industrial enterprises in Nei Monggol Autonomous Region overfulfilled the 1982 annual production plans. By the end of December, their output value had reached 678.2 million yuan, a 9.3-percent increase over 1981. [SK220314 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 21 Jan 83 SK]

GANSU TECHNICAL TRANSFORMATION--From 1980 to 1982, the industrial and communications front in Gansu Province carried out technical transformation of some 770 items. The total amount of investment in these items was 415 million yuan. By the end of 1982, the front had completed 600 items, resulting in increasing the output value by 480 million yuan, increasing taxes and profits by 100 million yuan and saving energy resources which amounted to 330,000 tons of standard coal. [HK101524 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 3 Jan 83 HK]

QINGHAI REVENUE QUOTA--Qinghai Province had overfulfilled its annual quota for revenue by 19.4 percent by the beginning of December. Its revenue in this period was 10.7 percent more than in the corresponding period. It has climbed out of the past years' decline. As a result of tapping potential and technical innovation, the total industrial output value of the woolen textile system by the end of November was some 10 million yuan more than in the same period last year and its profits were 1 million yuan more than last year. [HK070956 Xining Qinghai Provincial Service in Mandarin 1100 GMT 23 Dec 82 HK]

JILIN INDUSTRIAL OUTPUT--In 1982, Jilin Province's Siping Prefecture's industrial output registered a big increase. The industrial output value of the prefecture reached 1.982 billion yuan, about 5 percent over 1981. The total sales of local products showed a 26-percent increase over 1981. Industrial enterprises covered by the state budget are expected to earn 25 million yuan of profits, a 1.5-fold increase over the 1981 figure. [SK010210 Changchun Jilin Provincial Service in Mandarin 1100 GMT 30 Dec 82 SK]

XIZANG PREFECTURE SITUATION--As a result of the implementation of the policies of the party, Shannan Prefecture has improved its situation. The number of cadres of minority nationalities and production have increased. The prefecture has now formed the ranks of cadres with Tibetan cadres as the main force. The number of cadres of minority nationalities throughout the prefecture accounts for 71.9 percent of the total number of cadres. With the development of agricultural, livestock, sideline and industrial production, the total income from agricultural, livestock and sideline production in 1982 was 41 percent more than in 1979. Total output of grain in 1982 was 6.7 percent more than in 1979. Output of rapeseed was up 50.3 percent. The total industrial output value was up 9.1 percent. The average per capita income in 1982 reached 240 yuan, 100 yuan more than in 1979. Over the past 3 years, 50 percent of the households throughout the prefecture have built or repaired their houses to improve their housing conditions. The amount of sale of commodities in 1982 was 43 percent more than in 1979. A large number of poor production teams have developed production relatively quickly and initially changed their poor outlook. [HK070948 Lhasa Xizang Regional Service in Mandarin 1130 GMT 6 Jan 83 HK]

OSR: 4006/207

ECONOMIC MANAGEMENT

HEBEI RURAL DEVELOPMENT, URBAN INDUSTRY DISCUSSED

HK200258 Shijiazhuang HEBEI RIBAO in Chinese 10 Jan 83 p 1

[Commentator's article: "A Strategic Measure for Developing Urban and Rural Economy"]

[Text] The output value produced by industrial enterprises run by rural counties and communes and by urban collective units in our province accounts for one-third of the total provincial industrial output value. This shows what an important position collectively-owned industry holds in the economy. In order to realize the grand objective of quadrupling the total annual output value of industry and agriculture in our province by the end of this century, it is of great significance to speed up the development of industry run by counties and communes and urban collective units, especially the industry run by districts and streets. This question must be understood from a strategic point of view.

Since the 3d Plenary Session of the 11th CPC Central Committee, with the re-adjustment of rural economic policies, the enthusiasm of the peasants has surged to an all-time high. While grain production is growing, other diversified operations in the growing and breeding industries are also rapidly developing, thus bringing about an unprecedentedly gratifying situation. The new situation has also posed new problems: if localities want to increase their wealth and peasants want to become richer, they cannot merely rely on handling agriculture on the limited land; instead, they must develop a processing industry that conforms to local characteristics and capacities. Since the adoption of the production responsibility systems in rural areas, with the great rise in agricultural productivity, a surplus rural labor force has become an increasingly prominent problem. This needs to be solved through the development of county- and commune-run industry and other local undertakings, so that the structure of the rural labor force in industrial and agricultural production can be gradually changed. Through the development of county- and commune-run industry, the state of quasinatural economy that merely provides raw materials in rural areas can be gradually changed. So long as it does not contend for raw materials with large-scale industry in cities, many agricultural and sideline products can be processed locally. At the same time, with the development of rural industry, the distribution of industry will become more and more rational; economic relations between urban and rural areas will become closer; advanced science and technology gradually will be popularized in rural areas; the development of

Construction of small towns will be speeded up; and the differences between urban and rural areas gradually will be narrowed. Only when the rural economy further improves and the peasants become richer and have a certain economic foundation can agricultural modernization be speeded up.

However, at present, many local leading bodies, especially some principal leaders at the county level, are still influenced by the erroneous idea of handling a single-product economy in rural areas. They will fail to realize the important development tendency in the rural economy. They still consider their organs as a prefectural committee or county committee exclusively engaged in agriculture. They dwell on agriculture with great relish, but pay no attention to industry and have no clear idea of how to develop rural industry. They use the methods for handling agriculture to manage and guide the existing industries. As a result, industry in these places lacks vigor and achieves poor results. Therefore, we must change our guiding principle; the primary leaders of prefectural and county party committees must do so even more. They should deal simultaneously with industry and agriculture. The potential for developing county and commune industry is great and the prospects of its development are perfectly good. So long as we emancipate our minds and earnestly do a good job, county and commune industry in our province will develop even more rapidly than large-scale industry in cities, and the economic life in the countryside will become more active.

It is of equal importance to actively develop collectively-owned industry in cities especially district and street industry. Practice has shown that collectively-owned industries rely mainly on the enthusiasm of the workers. They do not need a big investment from the state, but can provide the state with considerable accumulation. Because they are mainly labor-intensive industries, they can provide a great deal of jobs for youths waiting for employment. Moreover, they are flexible in business and strongly adaptable to market situations. Therefore, they constitute an indispensable supplementary force in developing production and conveniencing the people in their daily life. Recently, some leaders of the provincial party committee and the provincial government made a special inspection in some medium-sized and small industrial enterprises and inquired into their current state of affairs and development prospects. The leaders also set forth explicit requirements for these enterprises. Leaders of all cities should place this work on their agenda and treat it as a matter of importance. They should personally make investigations and studies and adopt effective measures to bring urban collectively-owned industry prosper.

All relevant departments at all levels should coordinate their efforts and adopt unified policies. They should enthusiastically help and support the development of county and commune industry and urban collective industry so as to actively make more contributions to the creation of a new situation in this area.

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ECONOMIC MANAGEMENT

COMMENTARY ON HEILONGJIANG COLLECTIVELY OWNED ENTERPRISES

SK240641 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 23 Jan 83

[Commentary: "Give Full Rein to the Important Role of Commercial Enterprises in the Collective Sector of the Economy"]

[Text] Inspired by the spirit of the 12th National Party Congress, the provincial commercial bureau held its first commendation rally for advanced collectives and model workers of the collectively-owned enterprises under the province's commercial departments. This is a major event in the political life of the staff, workers and cadres of the collectively-owned commercial enterprises. We express greetings to them.

Since the third plenary session, our province's collectively-owned enterprises and service trades have vigorously developed. As of the end of October 1982, our province had set up 23,775 collective-owned commercial units and catering service and repair networks, up 15.5 times over 1978. Some 280,000 persons are working in these units and networks, an increase of 6.36 times over 1978. At present, the number of collectively-owned commercial networks is 3.5 times that of the state-owned commercial networks. These collectively-owned commercial networks have already become an important force on the socialist unified market.

The 12th National Party Congress clearly defined that a considerable number of commercial and service units in urban areas should be run by the collectives. The new constitution adopted at the Fifth Session of the Fifth NPC also clearly stipulates that the collective sector of the economy is a basic components of China's socialist economy. This fully affirms the important status and role of the collectively-owned enterprises in the national economy, opening up vast vistas for developing the collective sector of the economy. Staff members and workers of collective-owned enterprises must fully understand that the collective sector of the economy has bright prospects. They must strengthen their sense of honor and responsibility and must strive to do their work well. Developing the collective sector of the economy is a strategic policy of the party Central Committee and will be protected by the constitution of China. All staff members and workers of the state and collectively-owned enterprises must earnestly implement the pertinent principles and policies of the party on developing the collective sector of the economy and must serve as promoters in developing the collectively-owned enterprises. Staff members and workers of state enterprises must support this work. Staff members and workers of collectively-owned enterprises must try to win credit for themselves, give full rein to their advantages, learn from others' strong points to offset their own weaknesses, achieve improvements in common and make contributions to vitalizing the socialist economy.

INDUSTRY

BRIEFS

LIAONING ENTERPRISE CONSOLIDATION--By the end of November 1982, six large petroleum refineries in Liaoning Province that had been selected as the first group of enterprises to be comprehensively consolidated had completed their consolidation work and had achieved improved economic efficiency. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 4 Jan 83 SK]

CSO: 4006/207

LABOR AND WAGES

DISCUSSION ON WAGE SYSTEM, ECONOMIC RESULTS

HK210424 Beijing GONGREN RIBAO in Chinese 13 Jan 83 pp 1, 2

[Article by Kang Yonghe [1660 3057 0735], adviser of the Ministry of Labor and Personnel: "Different Wage Systems, Different Economic Results--On An Investigation of Wage Problems in Two Construction Companies in Henan's Luohe City"]

[Text] Recently, an inspection was carried out on the wage systems in two construction companies in Luohe City, Henan. One is the collectively-owned Dongfeng Construction Company, and the other is the city-run No 1 Construction Company, which is owned by the whole people. These two companies have adopted different forms of wage distribution and obtained different results. We have gained a lot of valuable enlightenment from them.

The general conditions of these construction companies are: The staff members and workers of the No 1 Construction Company totals 779, which is more than that of the Dongfeng Construction Company. The No 1 Construction Company is a state-run enterprise and has a higher mechanization level. The average wage of the staff members and workers of the No 1 Construction Company is 71.65 yuan, which is 18.85 yuan higher than that of the Dongfeng Construction Company. As far as economic results are concerned, the No 1 Construction Company is not as good as the Dongfeng Construction Company. The average construction area completed per capita of the No 1 Construction Company is 37.5 square meters, which is 13.5 square meters less than the Dongfeng Construction Company, whose average area is 51 square meters. Labor productivity, in terms of money, of the No 1 Construction Company is 3,763 yuan, which is 1,837 yuan less than the Dongfeng Construction Company, whose labor productivity is 5,600 yuan. Why is it that the economic results of a state-run enterprise, whose conditions are superior, are less than those of a small collectively-owned enterprise?

The most essential reason is that there is no "iron rice bowl" in the Dongfeng Construction Company. They depend on economic results attained through hard work to sustain the existence and development of the enterprise. If the staff members and workers do not work hard to make profits, they will not earn any wages. The enterprise cannot afford to have any idler or lazy person. Due economic results must be obtained in exchange for 1 yuan spent on wages. Money

to spend on wages only when there are results. There are "iron rice bowls" in the No 1 Construction Company. It does not look for work on its own initiative and is not properly managed. Some workers do not work hard. Each year, the company's losses are reimbursed by the state. Its staff and workers keep drawing their wages and are upgraded like those in profitable enterprises. What then are the differences in the forms of wage distribution of these two enterprises?

1. Wages of the Dongfeng Construction Company Are Flexible While Those of the No 1 Construction Company Are Rigid

Both the Dongfeng Construction Company and the No 1 Construction Company have implemented the graded wage system of the construction trade. Wages of the Dongfeng Construction Company vary with the production situation. The incomes of the staff members and workers are entirely determined by results of their labor. The company signs contracts with its work teams while the latter in turn sign contracts with their work groups. Each level is solely responsible for its tasks and has its own accounts. The income of the staff members and workers is entirely determined by the quantity and quality of their work and their contributions to it. Within a work group, the more one works, the more one gets. If one overfulfills his quotas, he gets more according to a certain proportion, and if one fails to fulfill his quotas, a reduction will be made from his wages according to a certain proportion. Thus, individual interests are completely linked with the situation in production and management.

The graded wage system of the No 1 Construction Company is the same as that of other enterprises owned by the whole people and was formulated in 1956. For various reasons, this wage system has become more and more disjointed from production. The company, work teams, work groups and individuals do not care whether production tasks are fulfilled or whether the enterprise gains or loses. Wages do not fluctuate in accordance with how production tasks are fulfilled. Under any circumstances, a fixed amount of wages are distributed. Therefore, the staff members and workers' concern for production and the enterprise's profits and losses are not related to their individual interests. On the contrary, this rigid wage system which divorces remuneration from labor has given the staff members and workers a wrong impression that improvement of their living standard does not depend on increasing production through their own efforts but depends on favors bestowed by the state. Whether they work or not and whether they work more or less, the staff members and workers draw the same wages and nobody cares about the longstanding losses of the enterprise. In 1982, the No 1 Construction Company learned from the experience of the Dongfeng Construction Company and changed the one-level management and accounting system into the three-level management and two-level accounting system. Since then, the company has stopped suffering losses which had occurred for many years running and has begun to make profits.

2. The Upgrading System of the Dongfeng Construction Company Is Flexible While That of the No 1 Construction Company Is Rigid

In the Dongfeng Construction Company, workers of the first, second and third grades are examined each year. Those who pass their examinations will be upgraded to the level of their examination while those who fail will not, no

matter how many years they have sat for the examination. For example, 30 workers were recommended by various units to sit for the factory examinations last year. Two of them were upgraded by two grades, 20 by one grade and 8 were not upgraded because they failed. Workers of the fourth grade are examined once every 3 years. If they pass, they will be upgraded and if they fail, they will not. Workers of the fifth grade and above will not be upgraded but the value of their grade varies with their contributions and increases proportionately. Workers can be upgraded and can also be demoted. A worker of the fifth grade failed to meet the technical requirements of his grade in actual operation was demoted to the fourth grade. He is still a worker of the fourth grade because he cannot make further technical progress. If an ordinary worker fails to meet the requirements of his respective grade in operation and causes qualitative accidents on three occasions, he will be demoted at once to a lower grade. He will be restored to his former grade when he meets the relevant requirements again. The workers of the Dongfeng Construction Company said: "Here, the length of service means nothing." Among workers who have worked 6 years, some have been promoted to the fifth grade because of their skills and contributions while others are still workers of the second grade because they lack skills and have failed in their examinations. In assessing workers in the Dongfeng Construction Company, skills account for 40 percent, knowledge accounts for 30 percent and conduct accounts for 30 percent of the results. If the conduct of a worker is not good, he will not be upgraded, although he may get full marks for his skills and knowledge. The staff members and workers are very eager to make progress. They look forward to the future and are striving for the common interests of the state, the collective and individuals.

The time for upgrading staff members and workers in the No 1 Construction Company is fixed in a unified way by the state and the company has no right to make any decision. Similar to all enterprises owned by the whole people, the workers are upgraded once in many years. The main requirement for upgrading a worker is the length of his service. In fact, the level of skills, capability and contributions cannot become the main requirements. There are virtually no examinations. Even if there are examinations, they are not taken into account.

Since the work of upgrading workers is not normally carried out, contradictions between grade levels and wages appear. Consequently, more and more people fulfill duties not in keeping with their grade levels and the gap between duties and grade levels becomes wider and wider. According to stipulations, 200 workers in the No 1 Construction Company were upgraded in 1979; among them, 99 met the requirements in skills, capability and contributions while the other 101 did not meet the requirements but were upgraded on the basis of the length of service. This resulted in the abnormal phenomenon of wage grades being higher than technical levels. On the other hand, some fine workers who have met the requirements were not upgraded because their length of service is short. This wage system of not upgrading workers who should be upgraded, upgrading workers who should not be upgraded and not demoting any worker after he has been upgraded will inevitably reduce economic results, lower the quality of workers and give rise to backward economic management.

1. In the Dongfeng Construction Company, 'The Boat Goes Up as the River Rises,'
and In the No 1 Construction Company, Production Is Rigidly Managed

In 1979, the Dongfeng Construction Company handed over 18,000 yuan of tax and profits to the state. In the 3 years from 1979-81 after the third plenary session, it handed over 99,000 yuan of tax and profits to the state, an increase of 550 percent of the amount handed over in the previous 4 years. In 1979, the average tax and profits handed over per capita was 44.17 yuan; in 1980, it was 130.88 yuan; and in 1981, it was 156.59 yuan. In 1980, the labor productivity of a full-time laborer was 4,800 yuan; in 1981, it was 5,000 yuan. In 1979, construction area completed by the company totaled some 15,000 square meters and the average per capita was 40.4 square meters; in 1980, it was 15,040 square meters and the average per capita was 43.49 square meters; and in 1981, it was 16,450 square meters and the average per capita was 47 square meters.

On the basis of gradual increase of economic results, the wages of the staff members and workers also have gradually increased. In 1979, the average monthly wage of the company was 38.5 yuan; in 1980, it was 48.32 yuan; and in 1981, it was 52.8 yuan. From January to September in 1982, it already reached 48 yuan. They have put into practice the spirit of "increasing welfare by one inch with the increase of production by one foot." The staff members and workers are deeply convinced that the only way to improve their living standard is to increase economic results by means of promoting production with their efforts.

In 1979, the No 1 Construction Company suffered a loss of 271,000 yuan; in 1981, the loss was 51,000 yuan. From January to October in 1982, it made a profit of 181,900 yuan. In 1980, the labor productivity of a full-time laborer was 2,912 yuan; in 1981, it was 3,763 yuan, which was 3.8 percent less than the previous year. The targeted labor productivity from January to October in 1982 was 2,800 yuan but it reached 3,940 yuan. In 1980, construction area completed was 31,417 square meters and the average area per capita was 43.6 square meters. In 1981, the construction area completed was 26,597 square meters, which was 16.3 percent less than the previous year, and the average area per capita was 37.5 square meters, which was 13.9 percent less than the previous year. The targeted construction area from January to October in 1982 was 27,000 square meters but only 20,947 square meters were completed, and the average targeted area per capita was 26.7 square meters but only 38 percent was completed. In 1979, their average wage was 70.11 yuan; in 1981, it was 71.65 yuan, an increase of 2.2 percent. From January to October in 1982, it was 63.61 yuan. The enterprise suffered losses, but the wages of the staff members and workers did not instead of decreasing. How can this wage system which divorces remuneration from labor and production encourage the staff members and workers to increase economic results? How can the idea of improving the living standard by means of working hard in production be established? How can we give play to the role of enthusiasm and creation in labor?

4. The Dongfeng Construction Company Has a Floating Total Volume of Wages But the No 1 Construction Company Has Its Total Volume of Wages Reimbursed According to the Actual Amount It Distributes

In the Dongfeng Construction Company, the total volume of wages floats. It increases or decreases with the changes of production tasks. The total volume of wages increases if the production tasks increase and are well fulfilled and decreases if production tasks decrease and are not properly fulfilled. In 1981 and 1982, the number of staff members and workers of the Dongfeng Construction Company was the same--320 people--but the total volume of wages was different. Of course, the total volume of wages in slack seasons is less than that in busy seasons.

Similar to other enterprises owned by the whole people, the total volume of wages of the No 1 Construction Company was reimbursed according to the actual sum distributed. This volume increases or decreases with the decrease or increase of the number of people. Consequently, the problems of "the warfare of a sea of people" and overstaffing remains unsolved for a long time. The amount of production tasks, the fulfillment of plans and quotas for labor are not directly linked with the total volume of wages.

5. In the Dongfeng Construction Company, Both Awards and Punishments Are Meted Out Strictly; in the No 1 Construction Company, Only Awards and No Punishments Are Meted Out and They Are Not Meted Out Strictly

In the Dongfeng Construction Company, the people have complicated backgrounds. Special attention is paid to ideological and political work and awards and punishments are meted out strictly. All regulations are strictly enforced. For example, it is stipulated that if someone is 10 minutes late, he has to work for half a day without pay. If someone is absent for 10 days without good reason, he will be dismissed. If someone uses bad language, causes adverse influence on production or impairs unity, he has to pay a forfeit of 5 yuan. Once a rule is established, it is strictly enforced. Leaders of the Dongfeng Construction Company take the lead in implementing the system of awards and punishments. They carry out orders and do not do that which is forbidden. In August 1981, the company was processing plywood. As a result of careless quality control, a quality accident occurred. In that month, the deputy manager had to pay a fine of 38.33 yuan. The Dongfeng Construction Company undertakes sole responsibility for its losses and profits. If the system of meting out awards and punishments is not strictly enforced, it will be impossible to organize production. Only by awarding that which is good and punishing that which is bad can a healthy atmosphere prevail.

The No 1 Construction Company does not mete out awards and punishments strictly. It drifts along aimlessly meting out awards without meting out punishments.

At present, the "big pot" and the "iron rice bowl" are seriously hampering the rise of labor productivity and the increase of economic results. Smashing the "big pot" and the "iron rice bowls" and truly implementing the principle of more work, more pay, less work, less pay and no work, no pay are very important

related and its significance is by no means less than that of the transformation of private industrial and commercial enterprises in the 1950's. If this problem is not solved, it will be impossible for our economy to develop rapidly. Of course, in order to thoroughly solve this problem, it is necessary to carry out relatively comprehensive reforms of the wage system in accordance with the general plan for economic reforms. In order to carry out relatively comprehensive reforms of the wage system, certain conditions (such as, economic strength) and a period of time are needed. On the condition that the overall reforms are not adversely affected, partial reforms can be made at present. They will bring about benefits, not harm. The sharp contrast between the Dongfeng Construction Company and the No. 1 Construction Company has proved to us that we should no longer spend our money on wages without paying attention to their economic results. In reorganizing enterprises, we must emancipate our minds and break through old rules and regulations. While ensuring that the total volume of wages is not exceeded, we should proceed from reality, adopt various forms and change wages which are not linked with economic results into wages which are linked with economic results and whose purpose is to increase economic results. We must give full play to the role of wages as an economic lever. In this way, our economy will certainly make new development. Progress in economic work is the basis for doing a good job in all fields. In the new year of 1983, let us make new achievements and contributions in our work to improve the wage system and add glory to our great cause.

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GENERAL

SHANDONG GOVERNOR'S GOVERNMENT WORK REPORT

SK211253 Jinan DAZHONG RIBAO in Chinese 29 Dec 82 p 1

["Text" of government work report delivered by Shandong Governor Su Yiran on 21 December 1982 at the fifth session of the Fifth Shandong Provincial People's Congress]

[Text] Fellow deputies, I, on behalf of the provincial people's government, deliver the government work report and submit it to the congress for examination and approval.

1. The province's political and economic situations have become better and better and new progress has been made in all undertakings.

This session is the last one of the Fifth Provincial People's Congress. This congress is taking place in the great historic transitional period of our country. During this period, under the guidance of the correct line, principles and policies of the Third Plenary Session of the 11th Party Central Committee, all fronts in the province have achieved great success in setting aright things which had been thrown into disorder, and the political and economic situations have become better year by year. Since December 1981, when the Fourth Session of the Fifth Provincial People's Congress was held, under the leadership of the party Central Committee, the State Council and the provincial CPC committee, people's governments at all levels have led the people throughout the province to adhere to the four basic principles, further eliminate the "leftist" influences, continue to implement the principle of readjusting the national economy, vigorously build the socialist material and spiritual civilizations, consolidate public security and deal blows at serious criminal activities in the fields of economy, politics and culture, thus consolidating further the political situation of stability and unity and having our national economy embark on a sound path of steady growth. In September this year, the CPC held its 12th party congress and defined the correct program, principles and policies for creating new situations in all fields of socialist modernization. Inspired by the guidelines of the 12th party congress, the people of all nationalities throughout the province have enhanced their enthusiasm for building the socialism: a new upsurge in building the four modernizations is being whipped up in urban and rural areas and new progress has been made in all fronts and undertakings, including industry, agriculture, finance and trade, science and technology, and culture and education as well as public health.

(1) Party policies on rural work have been further implemented and an overall bumper harvest in agriculture was reaped.

Over this year, we have continued to emancipate our minds; implemented the party's policies on rural work; stabilized and perfected various forms of the contracting systems with payment linked to output; further liberated the productive forces; kindled the enthusiasm of large numbers of commune members and the masses for developing production and working hard to become prosperous, conquered many natural disasters; and reaped an overall bumper harvest in agriculture. The 1982 gross agricultural output value, calculated at 1980 constant prices, is estimated to be 22.2 billion yuan, an increase of 9.9 percent over 1981. Although the acreage sown to grain decreased by 8 million mu from 1981, summer grain output declined as a result of drought, and Yantai Prefecture's grain output in both the summer and autumn declined due to serious drought, the 1982 annual grain output still will total 47 billion jin or more, an increase of 1 billion jin over 1981. Cotton output has increased by a big margin. Total output has reached 19 million dan, an increase of 5.5 million dan over 1981. So far as peanuts are concerned, although the key peanut producing areas in the east part have had their output reduced due to drought, other areas have increased their output. The provincial total output will reach 26.03 million dan, a reduction of 1.76 million dan from 1981. Output of blue-cured tobacco has increased and the quality and grade have raised. Total output has reached 6.37 million dan, an increase of 2.21 million dan over 1981. The diversified economy has continued to develop at a relatively rapid rate. In accordance with our province's standards of calculation, total annual income has reached 14.5 billion yuan, up 12.8 percent over 1981. Forestry, in particular, has developed at a faster rate. Thanks to the launching of the all-people voluntary tree-planting campaign, the province afforested 750,000 mu and planted 200 million trees through the year. The forested areas around fields have expanded by 3 million mu, and 9.2 percent of the land has been covered with trees.

As every deputy knows, our province had been afflicted by extremely serious natural disasters. In addition to a sustained drought over the past 2 years, the province was damaged by additional spring and summer droughts this year. As a result, reservoirs and rivers in many localities dried up, the underground water level was lowered in general, some 80 million mu of areas were damaged during the most serious period, production was stopped on some 2 million mu of wheat-fields and some 2 million mu of spring-sowing crops had to be sown in summer. When we entered the flood period, the Huanghe River flooded in a catastrophe seldom seen since 1958. More than 1 million mu of autumn crops in shoals and retention basins were inundated and production in these fields were stopped. In addition, the damage caused by the plague of insects, hailstorms, strong winds, and snowstorms were also very serious. The fact that we could reap an overall bumper harvest in agriculture in such a disastrous year has fully reflected the tremendous power of the party's policies and the great superiority of the agricultural production responsibility system. This bumper harvest can also be attributed to our efforts in building farmland water conservancy projects which have enhanced our disaster-combating capacity. This has

energetically shown that so long as we mobilize the masses' socialist enthusiasm under the correct leadership of the party, dare to struggle against calamities and are undaunted by repeated setbacks, we will conquer all natural disasters.

(2) The guiding ideology in industrial production is beginning to get straightened out, readjustment and consolidation are gradually developing in depth, production is increasing steadily and economic results have been raised somewhat.

Since the beginning of this year, industrial enterprises across the province have shifted their guiding ideology to raising economic results, paid attention to readjusting their product mix and organizational structure, carried out an overall enterprise readjustment, improved business management, further implemented and perfected that economic responsibility system, overcome the shortage of energy resources and water supplies, solved difficulties in the unmarketability and restricted production of some products and maintained a specific rate of development. It is estimated that the annual industrial output value will reach 36.3 billion yuan, up 5.6 percent over 1981. Light industrial enterprises have actively blazed new trails, increased production of readily marketable products and made continued and stabilized development. The light industrial output value is estimated to be 20.4 billion yuan, up 5.1 percent over 1981. Heavy industrial enterprises have readjusted their production orientation and expanded service fields and their production has picked up month by month. Heavy industry output value is expected to be 15.9 billion yuan, up 6.4 percent over 1981. Economic results of enterprises have been raised somewhat, those of enterprises under the first stage of readjustment have been more remarkable. It is estimated that the profits achieved and taxes handed over to the state by state industrial enterprises which are covered by the national budget will increase by 6.5 percent over 1981, counted in terms of comparable standards of calculations. Energy consumption for each 10,000 yuan of output value by those enterprises which consume more than 10,000 tons of coal annually decreased by 3.9 percent from 1981. State-run industrial enterprises have trial-produced over 700 new varieties of products and added 15,000 new designs and new packagings. The quality of major products has steadily improved and the number of quality foods has increased. In the 1982 national appraisal for product quality, another 16 varieties of products have won gold and silver medals. New progress has been made in the fields of communications, transportation, and post and telecommunications, and they have been brought into full play in supporting industrial and agricultural production, ensuring the transport of major goods and materials and serving the people's livelihood. Generally speaking, this year our province has conscientiously developed industrial and communications work, scored noticeable achievements in readjustment and consolidation, made changes in the product mix of heavy industry and light industry and developed the production of the means of production and the means of livelihood in a coordinated manner. This has created conditions for steadily developing industrial production while further raising economic results.

(1) Construction of key capital construction projects has been accelerated, and the quality of construction and investment returns have been raised.

Following on the goal of shortening the period of construction, improving construction quality, economizing on investments and raising economic results, the capital construction front has strengthened its direction and control, improved management over construction, and scored relatively good achievements in ensuring key projects and speeding up the construction of projects. It is estimated that the 1982 total volume of completed investment will increase by 37 percent over 1981, newly-added fixed assets will amount to 1.8 billion yuan and the rate of availability of such assets will reach about 80 percent. The annual added production capacity consists mainly of facilities for producing 1.92 million tons of coal, a power-generating capacity of 250,000 bicycles, 100,000 wristwatches and 240,000 tons of beer. Construction of some key projects in the fields of energy resources and communications have been conducted on a large scale. The Shijiusuo port has overfulfilled the annual investment plan by 25 percent. The construction of the Yanshi Railway has developed smoothly. Except for two projects which were changed due to objective conditions, the remaining 10 big and medium-sized projects, which are to be put into production this year, will be completed and put into production, their construction quality will be improved and the construction period be shortened. The key project of the Jinan Railway Line has been put into service. The Jinan bridge highway grand bridge, which was self-designed and self-built by our province, has been completed and opened to traffic. Meanwhile, this project has been appraised as a quality one and won the state's silver medal.

(2) The channels of circulation are being expanded, commodities are in adequate supply, markets in both urban and rural areas are brisk and financial revenue and expenditures for the year are basically balanced.

In commerce, a system of division of work along the lines of different categories of products in which the urban and rural markets are open to each other is beginning to be implemented, collective and individual-run commerce is being increasingly developed and rural trade fairs are being continuously expanded. Purchases and sales of commodities are increasing steadily and prices are relatively stable. It is estimated that annual purchases will total 18.1 billion yuan, registering an increase of 12.5 percent over 1981; the total volume of retail sales will reach 17.7 billion yuan, up 7.4 percent over 1981; the total volume of business in farm products markets in urban and rural areas will reach 1.4 billion yuan, an increase of 11 percent. What is particularly inspiring is the big increase in the sales volume of the means of production, which registered a 14-percent increase over 1981. Most daily consumer goods are in adequate supply, which provides the shoppers a greater choice in purchasing goods. Such a good situation has never been seen in the past 20 years or more.

In commodity exchanges and trade with the outside world, we have made rather good progress in readjusting the mix of export products, expanding the supply of export goods and actively developing compensation trade and the processing and assembling industries with materials provided by foreign firms. It is estimated that export goods worth 3.37 billion yuan will be purchased during the

year, 9.3 percent higher than 1981. The total value of imported technology and equipment will increase 45.4 percent over 1981. Foreign exchange derived from exports will total \$1.65 billion yuan, a drop of 11.8 percent from the 1981 figure. This is because of the economic slump in the capitalist world, a drop in the export of some major materials and some problems in our work.

Financial and banking work has been further strengthened, financial revenue has steadily increased at a fair speed and savings deposits in both urban and rural areas have increased. It is estimated the annual revenue will reach 4.9 billion yuan. Calculated in terms of comparable items, this represents an increase of 6.9 percent over 1981. The overall annual revenues and expenditures are expected to be balanced. The balance of savings deposits of urban and rural residents across the region will reach 5 billion yuan, an increase of 25.3 percent over 1981. This is an important hallmark of a stable economy and the increased income of the people.

(1) Education has been continuously developed, satisfying results have been achieved in scientific research and the popularization of technology and new progress has been made in culture, public health and physical education.

On the education front, we have reinforced the ranks of teachers, made vigorous efforts to improve school facilities, raised the quality of education and made new progress in developing schools of all kinds. Institutes of higher education, secondary and primary schools enrolled 3.28 million new students and the total enrollment of these schools is 14.26 million--of which 118,000 are in universities, colleges and polytechnic schools and 37,000 are pursuing higher education through courses run by 42 TV, correspondence, evening and workers' universities.

The restructuring of secondary schools has made new progress and the number of agrotechnical schools, secondary schools for peasants and vocational schools of all types has increased to 425. A total of 472 vocational training classes are run by regular secondary schools with 27.5 percent of the total number of students of senior middle school level attending. Education for staff members and workers has developed rapidly. In organizations at and above the county level and in enterprises and institutions subordinate to the county-level authorities or higher, 1.34 million staff members and workers, or 70 percent, have benefitted by this education. As of now, over 90 percent of staff members and workers at these enterprises and institutions who need to improve their education have already done so.

On the scientific and technological front, we have earnestly implemented the policy toward intellectuals, mobilized the enthusiasm of the vast number of scientific and technological personnel and developed and reinforced the mass scientific and technological ranks. Remarkable achievements have been scored in tackling key scientific and technological problems and making wide use of the results of scientific and technological research. It is estimated that

Further significant results in over 400 major research projects
The results of over 90 research projects are in wide use.
Completed general soil surveys in 70 counties or more and
land are being used for the experimentation or develop-
ment of new technologies. Scientific research activities participated
are being extensively carried out. Over 1,100 rural
have established agrotechnical associations and 32,700
have been designated as agrotechnicians after evaluation. The number
research institutes run by industrial enterprises has increased
with have achieved over 7,500 major technological innovations during

Progress has been made in culture, public health and physical education.
Theaters and cinemas and 800 film projection units have been set
urban and rural areas of the province. Over 2,100 cultural centers
established in villages and towns. Some professional theater troupes
rural areas and staged 50,000 performances. The spare-time
performances by workers and peasants have become more active, varied

Hospitals and sanatoriums have been built on 100,000 square meters
the province. Some 2,700 beds and 10,000 professional medical
have been added. The incidence of some main infectious diseases has
below 1981. Some of the 10 epidemic diseases have been
under control.

Million people throughout the province have frequently participated in
training. In the 1982 international and national sports games, our
sports surpassed 1 world record, broke 2 Asian records and
records and won 64 gold medals, 51 silver medals and 61 bronze

Radio, television, broadcast and television departments have brought their roles
in publicizing the policy and principle of the party, conducting
among the masses of the people and propagating scientific and cultural

Planned parenthood has been regularly and systematically strengthened
The single-birth rate increased and the multiple-birth rate declined.
The single-birth rate amounted to 80 percent of the total
birth rate and the multiple-birth rate dropped below 4 percent.

The people of marriageable and child-bearing age have increased this year
The total number of births has been at its peak, the natural population
increased by 12 per thousand.

The urban and rural people has continued to increase and the
further upgraded their material, cultural and living standards.

The party and the state have paid further attention to improving the living conditions of the people and has tried all means possible to work for their well-being on the basis of the development of production.

New changes in the people's basic necessities of life have taken place, especially in rural areas.

This year, the per capita net income of commune members of the province is expected to reach 304 yuan, calculated in terms of the state statistical plan "that includes the income from the collective distribution, income from households sideline production and income earned not from loans," an 18-percent increase over 1981.

The commercial departments have sold 250 million yuan worth of bicycles, sewing machines, radios, TV sets, clocks and watches to rural areas, 57.2 percent over 1981. New houses have been built for 150 million commune households.

In accordance with state regulations, in the fourth quarter of 1982, the wages of middle and primary school teachers and some physical educational workers and medical personnel have been raised. Since the fourth quarter of 1982, the wages of some working personnel of the state organs, scientific, cultural and public health departments have been readjusted. The average wage "including bonuses" of staff members and workers of the units owned by the state reached 750 yuan, a 13-yuan increase over 1981 and the wages of staff members and workers of the units owned by the collectives have been appropriately raised.

In urban areas, some 224,000 people have taken jobs through the arrangements of the labour department, opening businesses in groups and individually.

The per capita income of households has shown much increase. The province has completed its housing construction on 3.5 million square meters of urban areas. The living conditions of staff members and workers have made much improvement.

Reviewing the work in the past year, we will fully affirm that governments at all levels have conscientiously and firmly implemented the line, principle and policy of the party and the directives of the State Council. The vast number of cadres and the masses have made strenuous efforts and contributions to the socialist modernization. All the commanders and fighters of the PLA units stationed in Shandong have made great efforts to support the local work. The vast number of militiamen on all fronts have brought their roles into full play.

On behalf of the Shandong Provincial People's Government, I extend highest respects to workers, peasants, intellectuals, commanders and fighters of the PLA units and the broad masses of militiamen throughout the province.

The present political and economic situation is, indeed, very good throughout the province. However, insofar as the provincial government is concerned, many shortcomings remain in our work and many problems cry out for a solution.

Since our country has not yet been fully emancipated, we have not broken free of the "left" influences and outdated conventions in many aspects of our work, and we have not been bold and resolute enough in effecting institutional and policy reforms. The measures adopted in this regard were not effective. Moreover, the guiding ideology in economic work has yet to entirely turn on its head. After economic results, the deficits of enterprises are still considerable, and large waste and losses are quite serious.

Firstly, the readjustment of product mix and marketing work have not caught up with the demand of the consumer market from sellers to a buyers market and enterprises are seriously overstocked. Economic results in industry, construction, the construction industry, communications and transport are unsatisfactory. Leadership work is long on general calls but short on detailed study and scientific investigation of objective reality. The style of work characterized by formalism and bureaucratic wrangling exists to a serious degree. The leading instructions from higher levels and resolutions of people's congresses, some problems have not been given proper attention, because of lack of supervision and a lack of specific leadership. All these factors directly hamper the creation of an all-round new situation as well as the development of the national economy. We must take these problems seriously and attend to solving them in earnest.

Secondly, we must understand the goals to struggle for, execute the task and be innovative to create a new situation in economic construction.

Thirdly, the congress clearly pointed out that economic construction is at the forefront of the various tasks to create an all-round new situation. The congress set forth the strategic objectives, priorities and steps for developing the economy. It called for, while steadily working for more and better results, quadrupling the gross annual value of industrial and agricultural production in the two decades between 1981 and the end of the century. By 2000, it will reach 2.8 trillion yuan or so by that time. This is a grand, far-reaching goal. We can definitely attain this goal if people throughout the country work hard.

Fourthly, the economy, with a relatively better economic base and other conditions, occupies a fairly significant place in the national economy. We should, therefore, make comparatively greater contributions to the achievements of the strategic objective. To fulfill the great task set by the party at the congress, we must combine our long-term objectives with short-term tasks and work hard to execute the tasks at hand well. The fifth session of the NPC recently approved the Sixth 5-Year Plan for national economic development. Achieving this plan is an important step toward the realization of the grand goal. The Sixth 5-Year Plan for the economic and social development of our province is in the works. It will be submitted to the Sixth Provincial People's Congress for discussion. It is crucial to the fulfillment of the Sixth 5-Year Plan. We must bring to our work in all spheres in a more down-to-earth manner and

achieve more results this year. As we are still in the readjustment period, and given the considerable shortage of energy, water resources, transport facilities and finances, we still need a period of time to readjust the ratio in different sectors. Therefore, we cannot expect high speed. Proceeding from the objective requirements and the actual conditions, the plan for 1983 calls for a 5-percent increase in both the industrial and agricultural output value. But in implementing the plan we should take effective measures and strive to achieve a 6-percent increase in both the industrial and agricultural output value.

The major indexes are: total grain output is set at 4.8 billion jin; cotton output, 16 million to 18 million dan; and peanut output, 29 million dan. Because of an excessive overstocking of flue-cured tobacco, the areas sown to tobacco should be reduced and the total output of flue-cured tobacco will be lowered to 3.8 million dan. Coal output is set at 42.2 million tons; crude oil, 16.3 million tons; power output, 20.9 billion kwh; steel, 830,000 tons; cement, 5.5 million tons; cotton yarn, 1.5 million bundles; bicycle, 2.2 million; sewing machines, 1.04 million; and watches, 3 million pieces. Investment in fixed assets is preliminarily set at 3.34 billion yuan; the local freight volume is set at 51.2 million tons. Universities, colleges and polytechnic secondary schools will enroll 45,900 students in 1983, the total volume of retail sales is projected at 19 billion yuan, the total purchases of export commodities is set at 3.32 billion yuan, and financial revenue is projected at 3.19 billion yuan and the natural population growth rate is to be kept within 13 per thousand. The draft plan for 1983 economic and social development has been printed and distributed to you. Please deliberate it.

The year 1983 is the first year for creating new situations in all fields of socialist modernization. Achieving success in the 1983 work is very important to fulfilling the "Sixth 5-Year Plan" and to achieving the grand quadrupling objective. Governments at all levels should mobilize the people throughout the province to conscientiously implement the principle, policies and guiding principles defined by the 12th party congress, further straighten out the guiding ideology and continue to readjust, restructure, reorganize and upgrade the national economy, with stress on raising economic results. Special attention should be paid to the conspicuous problems which interfere with our work, and feasible countermeasures should be adopted against these problems so as to give work on all fronts a good beginning, make progress and enable all fronts to take on a new atmosphere and take a new step.

(1) On the condition that a stable increase in grain is guaranteed, efforts should be made to develop diversified undertakings.

Agriculture is the foundation of the national economy. To create an overall new situation, agriculture should go before everything else. The development of agriculture should be based on policies, science and the implementation of the principle of "spare no efforts in promoting grain production and actively develop diversified undertakings." To develop agriculture, we should further perfect various forms of the responsibility system based on output, enact various economic systems and fully mobilize the socialist enthusiasm of large numbers of cadres and the masses. Priority should be given to grain production. Historical

...that, provided a bumper grain harvest is reaped, our life ...
...and if grain production declines, all things will be thrown ...
...stable increase in grain output, it is necessary ...
...the per-unit output and, particularly, the output of middle- ...
...fields, which account for two-thirds of the total acreage sowed. ...
...middle-yield fields to high-yield ones and change low-yield fields ...
...field ones, the province will increase grain output by over 10 billion ...
...However, under the situation in which it is impossible to greatly in- ...
...per unit output in a short period, it is necessary to ensure a ...
...for sowing. So far as our whole province is concerned, the ...
...grain in the coming stage should not be less than 70 million mu. ...
...the province sowed more wheat seedlings than last year and the quality ...
...it is better. Governments at all levels should try every means to reap ...
...harvest, ensure a total harvest of 18 billion jin and strive ...
...breakthrough in the annual gross grain output. To ensure a bumper ...
...harvest, in addition to strengthening the management of ...
...and strengthening spring sowing and plowing in the coming winter- ...
...period, we should continue to carry out agricultural capital construction ...
...water conservancy projects and vigorously develop water and soil ...
...projects in mountainous areas. These capital construction projects ...
...and soil conservation projects should be developed mainly with the ...
...teams and brigades and with the labor of the masses. Meanwhile, ...
...these projects should be larger than that in the past 2 years, more ...
...should be used and construction efficiency should be better so as ...
...and expand in the next year the irrigated areas by 4 million mu, ...
...million mu of sprinkler-irrigated areas and put 1,000 square kilo- ...
...irrigation areas under control. In developing water conservancy ...
...attention should be paid to prevention and combating drought, water- ...
...floods. In the past few years, we have stood many tests from ...
...but our approach to combating floods and waterlogging has been blunted. ...
...at all levels and plains areas must pay attention to this problem.

...agriculture is out of the question if we depend only on the limited ...
...cultivated land or on crop farming. There are only 108 million mu ...
...land throughout the province, and this will decrease not increase. ...
...have great potential for increasing the production of grain, cotton ...
...crops, the quadrupling of agriculture should mainly depend on ...
...of forestry, animal husbandry, sideline production and fisheries ...
...and brigade-run enterprises. Meanwhile, we should concentrate ...
...on the rational development and utilization of 230 million mu of ...
...to developing diversified undertakings. In the past ...
...we have scored great achievements in readjusting the agricultural ...
...However, we have mainly readjusted only the ratios and distribution ...
...crops. Forestry, animal husbandry, sideline occupations, ...
...and industry still are weak links. Provided such a situation continues, ...
...will not be greatly developed in a benignant cycle. Persons in ...
...in government at all levels should concentrate more energy ...
...from now on. The key to developing diversified undertakings lies in ...
..."To make great progress in this field, we must liberate our ideas ...
...of self-sufficient, small-scale production, broaden our outlook,

into strict restrictions and exploit favorable conditions. We also should develop whatever undertakings can be developed in line with specific local conditions, in accordance with the state plan and in light of social needs. Great efforts should be made to develop specialized groups, households and households doing specialized jobs besides crop cultivation. It is necessary to implement various forms of the contract system for specialized jobs and to give full play to the role of various kinds of "talented people." On this basis, we should directly guide actions according to circumstances, encourage people to cooperate with others and vigorously organize and support various forms of combining units. Households can combine with communes and brigades or combine with other households to jointly develop business.

As for problems in these two areas, we should give the masses a free hand to work things out through practice, enthusiastically help the masses prosper through hard work and publicize their experiences in a timely manner. This winter and next spring, we should contract unutilized barren mountains, beaches, water areas including hollows and ponds, beaches and saline-alkali lands to commune-member households or specialized work groups through tenders to develop stock raising and sea-water and fresh-water fish farming or to plant trees. It is necessary to mobilize the masses to carry out the all-people voluntary afforestation activities on a still larger scale and ensure the fulfillment of the plan for afforesting 1.1 million mu and planting 220 million trees. Resolute measures should be taken to check indiscriminate felling of trees and punish according to the law criminals who wreck the forests. Governments at all levels and relevant departments should render all manner of assistance to the development of diversified undertakings and provide better services in technical guidance, the cultivation and introduction of fine seeds, purchases and sales, communications, transportation and so on.

Energy shortages are a major check on our province's economic development. The 1983 plan projects an increase of 5 percent and calls for striving to achieve a 6-percent increase in industrial output value. However, coal output is expected to increase only 0.5 percent. This will make the contradiction between supply and consumption even sharper. Strains in communications and transportation are also a prominent problem affecting economic development. We must regard the supply and construction of energy and transport as strategic priorities and vigorously attend to these things. Our province is rich in coal and petroleum resources and the scale of exploitation is expanding. A number of large-sized collieries are under construction in the Yanzhou, Zhaoteng and Longshan mining areas. The Shengli oilfield is stepping up exploration to find more petroleum and gas deposits. The state has arranged for our province more key construction projects than in any previous year. The tasks are very heavy. Construction is well under way for the following projects: the double-tracking of the Yanzhou-Shijiusuo and Jiaozhouwan-Jinan railways, the construction of Shijiusuo harbour, the expansion of Qingdao port, the first branch of a coastal communications cable between Jinan and Qingdao. Surveying and designing for the railways between Yangkou and Yidu and between Heze and Ximeng will soon begin and construction of some sections of the projects will begin in the near future. A total of 14,000 telephones will be

in Shanxi, Qingdao and other places. Governments at all levels should do their utmost well, help solve problems arising from construction in a timely manner and ensure that key energy and communications projects will be completed on schedule. Meanwhile, it is necessary to step up the construction of locally-run collieries and local transport facilities. In addition to actively implementing the method of "local coal exploitation funds," we should also strive to raise more funds by organizing cooperation and joint ventures to accelerate the development of locally-run collieries. With regard to local transportation, in addition to managing existing roads well and rationally organizing transport operations, we should step up the construction of medium- and small-sized ports and roads in mountainous areas to ensure timely transportation of production and construction materials and to promote exchanges between cities and the countryside. At present, a prominent problem affecting the timely construction of energy and communications is the requisition and removal of some villages which hamper coal transportation. These problems have not been solved even after delays because of long-drawn-out negotiations among a number of cadres involved who lack a broad viewpoint. Governments and relevant departments should uphold principles, strengthen ideological and political work and make arrangements for the production and life of the masses to ensure the requisition and removal will be carried out in a timely manner. We must not accommodate ourselves to the unreasonable demands of a minority of people and compromise the overall situation of construction.

Energy conservation is of more immediate significance to solving energy shortages. At present, on the one hand energy is in short supply; on the other, energy is being wasted to a serious extent. Many enterprises do not have reasonable energy management or a strict system to assess energy consumption; they are drawing from a "common big pot." Many outdated, energy-guzzling facilities are still in use. At present, the most effective way to conserve energy is to strengthen energy management, enforce a responsibility system in energy conservation, improve metrological and assessment systems, institute energy balance and energy efficiency standards. All enterprises should install electricity, water or steam meters in workshops and major machine units and introduce a strict reward and punishment system. The most fundamental measure for saving energy is to promote technical innovations with stress on key projects, actively develop and use highly energy-efficient new equipment, gradually eliminate obsolete, inefficient equipment, vigorously develop comprehensive utilization of energy, build up thermal energy centers in a planned manner, introduce a system of centralized heat supplies to groups of adjoining units and utilize exhaust heat and waste electricity. The plan calls for a 2.5 percent drop in energy consumption in 1983. Of the 300 or more energy saving projects provided for in the plan, 100 are in the large-sized projects, such as thermal power stations, large industrial projects, thermal energy centers and urban gas supplies. An investment of 85 million yuan. All departments concerned should actively and firmly attend to this work to ensure the fulfillment of

further efforts should be made to execute industrial readjustment and the comprehensive consolidation of enterprises well and achieve new progress in technical innovations.

Achieving the quadrupling task depends heavily on industry. To achieve better economic results while ensuring a steady development of industrial production, we must continue to execute readjustment of enterprises in 1983 and gradually rationalize the product mix, the enterprise structure and the technological structure. While further developing the production of consumer goods that are readily marketable and readjusting the service orientation of heavy industry, we should work out comprehensive plans for the readjustment of all trades and execute the reorganization and integration of key trades well in accordance with the principle of specialized production and economic rationality. Existing enterprises should sum up experiences to effect consolidation and improvements. It is necessary to reorganize the administrative enterprises that are enterprises in name but not in effect. Those that are suited to being transformed into economic entities should be so transformed and those that are not should be abolished. Efforts should be made to execute readjustment well and to overcome the tendency of everyone doing things in his own way. It is necessary to develop the production of brand-name, quality products in major cities and establish transregional and transdepartmental joint ventures that break through the conventional confines of different areas and trades. We must resolutely close down, suspend operations, amalgamate with others or switch to the manufacture of other products those enterprises that consume or waste great quantities of raw materials, suffer serious losses and whose products are not needed by the market.

Comprehensive consolidation of enterprises is a fundamental measure for tapping the potential of existing enterprises. It will not only play an important role in improving economic results now but will also lay a solid foundation for vigorous future economic development.

Of the 6,800 or so industrial enterprises affiliated with county-level authorities or higher, 1,000 or more will have started consolidation this year and consolidation will be fully underway in all the remaining enterprises next year. In consolidating enterprises, we must firmly grasp the link, key that is, the consolidation of leading bodies, and flexibly promote to leading posts those sensible persons who can resolutely implement the party's line, principles and policies and who are full of drive and are blessed with specialized knowledge in accordance with the requirements of making leading cadres more revolutionary, younger, better educated and more professionally competent. In this regard, we must further emancipate our minds. We should, in particular, correct the prejudice against intellectuals, overcome the idea of demanding perfection and boldly select and promote people of talent from among technical personnel, with emphasis on college graduates who finished school in the 1950's and the early 1960's. Enterprises affiliated with county level authorities or higher should readjust their leading bodies and staff them with adequate personnel in the first half of 1983. In consolidating enterprises, we should start by attending to operation and management and other basic work, further improve the economic responsibility system, popularize the experiences of the Shoudu Iron

and other language, introduce the method of fixed quotas for a fixed number of enterprises, set strict and explicit rules and regulation, implement economic quotas for enterprises, clearly define responsibility, rights and profits and place responsibility on the state above everything else. It is necessary to overcome egalitarianism, gradually eliminate the practice of "a pot of soup" and break the "iron rice bowl." Enterprises that operate and manage well may introduce the system of progressive sharing of profits and a bonus system based on a base figure with proportionate sharing of enterprise profits. On the precondition that the nature of enterprises will not be changed, a number of small state-owned enterprises may adopt the method of giving sole collective enterprises, that is, assuming sole responsibility for losses and profits or losses and substituting taxes for delivery of profits. Efforts should be made to conduct specific analysis of money-losing enterprises and deal with each case on its own merits. Enterprises running in the red for a long time and those making only a little profit may adopt a system where a prescribed amount of losses will be compensated and the enterprises will turn all their profits made over and above a designated level. Enterprises that have been running in the red because of mismanagement may adopt the method already used in agricultural production, that is, contracting the enterprise out to a collective, allowing the masses to elect a factory director, assume self-management, assuming sole responsibility for one's own profits or losses and paying income taxes.

In order to improve situation in industrial production and to upgrade economic returns, it is imperative to conduct technical renovations among enterprises in a planned manner and radically change the situation in which enterprises strive to expand production on the foundation of out-of-date technology. Over the past years, industrial enterprises have scored relatively great achievements in increasing latent production power and conducting technical innovation and renovation. However, quite a few of them have not made proper use of their funds and have made project arrangements for truly renewing their equipment, improving technology and introducing advanced techniques. In this sense, our handling on the issue of conducting technical renovations in enterprises has been well unified, and our work in this regard has not been truly unified. All of this contributes to a vital reason why our economy has not been undertaken. All of this contributes to a vital reason why our economy has not been rapidly developed and our economic results have not been improved. In conducting technical renovations, we should carry out our tasks in a planned manner by focusing on major projects. In 1983, we should make a breakthrough in this work and orient the work on our daily schedule. The industrial enterprises at all levels throughout the province should map out plans and carry out major technical renovations in each industry in the near future and should foster a model of achievement in this regard for each industry within 1 or 2 years. Beginning in 1983, state enterprises will only be allowed to use their renovation and renewal funds for conducting technical renovations and renewing their equipment, and will not be allowed to use these funds for the construction of new projects and the like. Foreign exchange income from state enterprises should be used only for introducing new technology.

In order to promote technical renovations and to urge enterprises to pay attention to technical progress, it is imperative to solve problems concerning their understanding of policies. In trial-producing new products that have been listed in the plans, enterprises will be allowed to incorporate by stages their expenditures for the manufacture of new products in their production cost within a set number of years, and will be allowed to fix the price of their new products in line with that of comparable commodities. As for loans borrowed to introduce new technology, enterprises should be given preferential treatment in interest rates; as for funds retained from profits, enterprises should appropriate a certain sum only for giving bonuses to staff and workers who have made a marked contribution to technical progress; and as for the price of their products, enterprises should implement the principle of fixing a price according to product quality, with a high price for fine quality and a low price for low quality. Only by doing so can enterprises have ambition and practical ability in conducting technical renovations.

(4) Exercise strict control over the volume of investment in fixed assets and make rational use of limited construction funds.

Making rational arrangements and use of investment in fixed assets constitutes an important measure for upgrading economic results and protecting the construction of major projects. After several years of readjustments, capital construction investment that is incorporated in the budget has been curtailed, resulting in a change in the situation of an overextended capital construction front. However, since the beginning of 1982, an excess phenomenon of investment not covered in the budget for fixed assets has emerged and a large number of ill-considered projects launched to increase the capacity of ordinary processing industries have been added. A failure to pay serious attention to these problems will not only make us unable to assure the construction of major projects, but also enable us to suffer tremendous losses and waste. Still, we will be forced to conduct another readjustment. From now on, we must slash, with the utmost determination, ill-considered projects launched to increase the capacity of ordinary processing industries and exercise strict control over the volume of investment in fixed assets. We should concentrate our limited construction funds on the places which need them urgently, such as first investing our funds to assure the construction of major projects in energy resources, transport, education and science and technology, as well as to assure the enforcement of technical renovations. We should resolutely curtail investment in projects that are not regarded as necessary in line with the situation as a whole. The construction of those projects regarded as necessary should be carried out under the principle of conducting careful calculation and strict budgeting, as well as acting according to actual circumstances. The living conditions of staff members and workers should be continuously improved; however, the improvement in this regard should not be carried out at a very big pace and the housing standard should not be upgraded, and attention should be paid to concentrating on solving the housing problems existing among middle-aged scientific and technological personnel, teachers among middle and primary schools and staff members and workers of enterprises.

Investments at grassroots levels. Hereafter, all funds, whether or not included in the budget and all bank loans and foreign funds, so long as they are used for investment in fixed assets, as well as all measures for construction and technical renovations should be incorporated into provincial plans in order to achieve a comprehensive balance. Investment in fixed assets not covered in the provincial plans, departments cannot appropriate funds and banks cannot grant loans. Projects that are under construction should be examined in an objective way and be arranged in order of importance and urgency. Projects for protection projects that lack handy raw material, have no market for their products, still depend on backward technology and anticipate losses should be suspended immediately. No locality or department should exceed the total volume of investment and the limited quota of funds. Those who have arbitrarily expanded the volume will be regarded as violating financial and economic discipline.

Further expand the commodity circulation channel and actively develop domestic and foreign trades.

Make a breakthrough in enlivening the circulation of commodities in order to activate the national economy. In recent years, the commodity circulation has done a great deal of work to expand the channels of commodity exchange. However, the contradiction in which commodity exchange falls behind the development of production is still very sharp. We must continue to eliminate the influence of the ideology of state-owned units monopolizing commodity circulation, put it under a unified plan, actively but steadily reform the system and readjust the policy on purchases and sales in order to stimulate the circulation of commodities. We should, first of all, carry out the institutional reforms of supply and marketing cooperatives at the grassroots level and restore the mass cooperative nature of supply and marketing cooperatives. In the winter and next spring, all cooperatives should sort out the distribution of dividends, attract more peasants and production teams to become cooperatives as shareholders, hold meetings of representatives of all members to elect members of the board of directors and the board of supervisors, establish all kinds of agriculture-industry-commerce joint ventures and strengthen the mass character of supply and marketing cooperatives, improve management and flexible operation. On this basis, efforts should be made to transform the supply and marketing cooperative into a mass cooperative in the future. To ensure a steady progress of this reform, every municipality should select one or two counties next year to carry out comprehensive experiments with the reforms to gain experience. Second, while consolidating and developing state-run commerce, we should go all-out to develop collective and individual as well as cooperative commerce. Third, we should further emancipate the mind and relax policy restraints. State-owned retail commercial stores may practice collective management retaining their state ownership. Or they may copy the methods used in commodity production to adopt a contract management system or rent the stores to collectives or individuals to be run by them. We should still

Further relax unified restraints for the catering and service trades and do our utmost to see that 70 percent of the urban catering and service trades are run by collectives and individuals. With the exception of supply and distribution companies, all catering and service trades in the countryside should be, on the whole, run by collectives, individuals or cooperatives. Third, we should further restrict the prices on purchases and sales of agricultural and industrial products. It is necessary to continue to implement unified, assigned and negotiated purchases of agricultural and sideline products and introduce the contract system in an all-round manner. Grassroots supply and marketing cooperatives may transport agricultural and sideline products in the third category and those in the first and second categories, with the exception of grain and cotton, whose purchasing quotas have been fulfilled to other agencies or provinces for sale. Producers are allowed to transport their produce to other places for sale. Individual traders and itinerant households specializing in purchases and sales may engage in long-distance transportation and sale. In addition to unified purchases and sales, planned purchases, purchases by order and self-marketing by industrial departments and commercial departments may be commissioned to market some manufactured products for industrial departments on both a wholesale and retail basis. It is also permissible to set up joint operations and marketing by industrial and commercial departments. Licensed individual traders may transport and sell minor products in the third category between urban and rural areas. State-owned commercial units and other relevant departments should help cooperative and individual commerce and the catering and service trades financially and in obtaining supplies of commodities and raw materials. They should help them in finding places to set up shops instead of discriminating against them, making things difficult for them or trying to drive them out of business. Industrial and commercial administrative departments should step up market management, protect legitimate businesses and suppress illegal operations.

Expanding our economic activities and trade with the outside world is of great significance for promoting production and technological progress. It plays a decisive role in achieving the goal of quadrupling the province's annual industrial and agricultural output value. We must bring into full play our favorable conditions as a coastal province blessed with rich natural resources and abundant labor forces to actively develop economic activities, trade and technological exchange with the outside world. We must utilize resources at home and abroad and open up the domestic as well as international markets. It is necessary to support industrial production and rural diversified undertakings to accelerate our province's economic development. The key to accelerated foreign trade lies in export. Given the economic recession in the capitalist world and the exceptionally fierce competition, we must roadblock the sale of our export products in a timely manner and speed up the construction of production bases of export commodities as well as mines, factories and workshops whose products are exclusively for export. "Glorious efforts should be made to expand the export of textile and other light industrial products, handicraft articles and all kinds of agricultural and sideline products, native products and local specialities, increase the export

manufactured goods and particularly mechanical and electrical products and strive to sustain a fair speed of growth in our economic activities and trade with the outside world in 1983.

Efforts should be made to take full advantage of the slump in the international market to actively import advanced technology and equipment and expand the introduction of foreign capital to accelerate technological innovation and the development of resources in our province. In this regard, we did not pay adequate attention and failed to firmly attend to this in the past. Next year we should make bigger progress. It is necessary to bring into play the role of information exchange on the international market in guiding export production and improving the competitiveness of our commodities. We should make a big breakthrough in developing the processing industry with imported raw materials and in undertaking construction projects in and carrying out labor cooperation with foreign countries. We should strive to increase purchases of major products manufactured by the province with imported materials to at least 35 percent of total purchases in 1983. Active efforts should be made to develop the tourist industry by making full use of the favorable conditions of our province, which has many places of historic interest and scenic beauty, to expand international friendly exchange and to increase foreign exchange earnings through nontrade channels.

Organize scientists and technical personnel to tackle key problems of production and construction and exercise vigorous efforts to make wide use of and popularize the results of scientific and technological research.

Science and technology are a strategic priority for modernization. Without a developed science and technology we cannot expect to achieve the grand quadruple goal. To create a new situation in its work, scientific and technological work must be geared to the needs of economic construction, stress the research and development of applied science, focus its attention on key problems in industrial and agricultural production, tackle key problems in a well-planned and organized manner and vigorously popularize the results of scientific and technological research.

Efforts should be made to carry out the research of key projects well. In regard to the 22 key research projects and 139 assignments of the province, we should concentrate on studying and demonstrating them one by one and work hard to apply them. Efforts should be made to ensure that some of the key projects and assignments will be completed and applied in production and construction next year. While attending to tackling key problems, we should vigorously popularize the results of scientific and technological research and turn them into productive forces as quickly as possible. Competent departments at all levels must ensure that all of the results of 39 major scientific and technological research efforts that are to be popularized across the province in 1983 will be brought in to wide use at the grassroots. They should set up an inspection system to regularly examine and evaluate the implementation of this task as they do economic tasks. In order to accelerate scientific and technological development, the provincial government has decided to increase the appropriation for the "three items of expenditures on science and technology" by 25 percent in 1983 over 1982. All prefectures, cities and

Factories and the various economic departments should write out programs for reaching the masses and popularizing the results of scientific and technological research for their respective areas and trades in accordance with their specific conditions. Funds for scientific and technological research, if necessary, be increased. (sentence as printed)

It is necessary to carry out extensive scientific and technological activities with mass participation and vigorously popularize education in scientific knowledge. Enterprises and units in urban or mining areas which have the facilities to set up factory-run scientific research centers or groups should do so. Efforts should be made to mobilize the masses to make rationalization suggestions and carry out activities of technological innovations on a regular basis. Small townships should establish scientific and technological centers to help small enterprises solve technological problems. It is necessary to set up all kinds of spare-time polytechnic schools, and strengthen technological education among the broad masses of staff members and workers. Enterprises which have the facilities to sponsor rotational training for its workers should do so. In the countryside, efforts should be made to develop households specializing in scientific experiments and agrotechnical households which learn the presents to apply new techniques. It is necessary to adopt diverse methods to conduct education in scientific knowledge among rural commune members. Scientific research units, universities and colleges should be geared to the needs of the grassroots and actively carry out technological services and technological information work and sign technological contracts with factories, communes and brigades to directly serve production and construction.

It is necessary to readjust specialized scientific research organizations, rationally utilize scientific and technical personnel and gradually solve the problems with regard to institutional irrationalities, too many administrative personnel, lack of clear division of work and people holding jobs not commensurate with their specialities. We should be good at discovering and nurturing people of talents. It is necessary to care for, trust, build, promote and foster scientific and technological personnel and pay attention to improving their working and living conditions, particularly those in middle age, and fully mobilize their enthusiasm.

Developing education and accelerating the training of people of talent constitute a fundamental construction task. Despite relatively rapid development in recent years, our province still lags behind the country in terms of educational development. Of the total population in the province, there are only eight college students for every 10,000 people, lower than the national average by four persons. Only 3% out of 10,000 are college graduates or have attended colleges, lower than the national average by 1-6. There are over 20 million people 12 years of age or above who are illiterate and semi-literate. This state of affairs shows that we must speed up the training of people of talent. In developing education, it is necessary to run existing universities and colleges well, tap their potential, enroll more students, readjust specialities in line with the needs of economic construction and improve the methods and quality of instruction. Continued efforts should be made to develop higher education through P. radio, correspondence and spare-time courses of training staff members' and workers' universities. It is necessary to encourage the vast number of cadres to improve their education through self-study. Efforts

It should be made to establish a provincial examination commission at an early date to administer qualification examinations and to recognize the examination records of those who pass the examinations. All in all, we should make every effort at methods to bring up more people with professional knowledge.

It is necessary to accelerate the restructuring of secondary education and solve the problem with regard to the unitary structure of the secondary education as early as possible. About 200,000 students graduate from senior high schools every year. Only eight percent of them enter universities or polytechnic schools while over 90 percent directly join production. They have acquired some general knowledge but lack professional skills. To solve this problem, we must transform, step by step, most of the regular senior high schools into vocational or technical schools. In 1983, we should resolutely change some regular secondary schools in cities and country into agrotechnical and technical schools. Those which will not be transformed into vocational schools should add vocational courses. It is necessary to rationally arrange jobs for graduates of agrotechnical secondary schools and make them the backbone force for scientific farming. Graduates of urban vocational schools or vocational schools should selectively be given jobs suited to their special training on a voluntary basis.

Education is the foundation of scientific and technological modernization, and primary education is the foundation of education. The 12th party congress has set for achieving universal primary education on a nationwide basis by the year 1990. In areas where the economy and education are more developed, this goal can be done earlier. In terms of both economic conditions and educational conditions, our province should be able to achieve this goal earlier. Primary education should start from preschool children. Urban areas as well as rural areas which have the necessary facilities should run nurseries and kindergartens well to strengthen the education of preschool children, particularly children under 3 years of age. In universalizing primary education, we should put emphasis on rural areas and, in particular, mountainous areas. The crucial problem in this regard is financial shortages and the salaries of teachers of primary schools. Historically, [words indistinct]. For a very long period since the 70's founding, most rural primary schools were run by the people and with public subsidies. Given the present financial difficulties of the state and the greatly increased incomes of collectives and commune members, we must implement the principle of schools run by the people with public subsidies and carry out a better way and mobilize the masses to raise funds to run schools and to achieve universal primary education earlier. Zhao Guangai, commune member at Shawozhan brigade, Huimin County, voluntarily donated 100 yuan for education. Zhang Jishan, commune member at Dongguan brigade, Jincheng County, voluntarily purchased 130 stools for a primary school in his commune. In the past 3 years, collectives and individuals in the province have donated 100 million yuan on developing education. This shows the masses' enthusiasm in education should be used mainly for relatively poor communes and areas. Areas with a relatively developed economy should rely on funds raised by collectives and the masses to run schools. To enable teachers of people-run schools to concentrate their energies on education, it is necessary to introduce a system of instruction which links payment with work

and free them from farming responsibility plots. In making primary education universal, it is essential to run diverse types of schools, such as half-day and tertian schools that are suitable to the new situation in the countryside where the production responsibility system is being implemented. Areas around lakes and remote mountainous areas may set up instruction centers, with teachers making a circuit of the centers to give lessons. We should exert every effort to raise the rates of school-age children entering and finishing school. The popularization of primary education should be implemented in connection with the elimination of illiteracy. Efforts should be made to assign primary school teachers and educated youths who have returned to their native places to help open up all avenues of schooling and speed up the elimination of illiteracy.

(8) Vigorously increase income and curtail spending to maintain a basic balance of revenues and expenditures.

The 12th CPC Congress pointed out that it is a glorious and arduous task for us to strive to achieve a fundamental turn for the better in the finances and the economy. Though our province has created a turn for the better in finances this year, it will have a great deal of difficulties in this regard in 1983 because there are many left-over problems and deficits accumulated from past years. This requires us to adopt all ways and means to develop production, to increase income, to practice economy and to prevent waste so as to continuously maintain a basic balance between revenues and expenditures in 1983.

The key to increasing revenues lies on doing a good job in increasing income and the tax paying ability of enterprises. Taxes and profits paid and handed over to the state by the industrial and commercial enterprises of our province account for over 85 percent of the total provincial revenue. By scoring a success in this major source of income, our province will be able to achieve a great turn for the better. Therefore, it is necessary to emphatically consolidate financial work while conducting enterprise consolidation in an all-round way, and, particularly, to concentrate consolidation work in major enterprises that are able to earn 10 million yuan in their annual income. In conducting consolidation work, it is necessary to strengthen the work of analyzing and examining the economic returns of enterprises and to enable them to lower their costs, curtail their expenditures and to speed up their capital turnover so as to score equal increases in their profits and the profits handed over to the state as well as in their output value. In 1983, the province urges local industrial enterprises to lower by two percent, compared to 1982, their product cost calculated in terms of comparable items and increase by 4.6 percent their profits and taxes per 100 yuan of capital over the 1982 figure. Efforts should be made to periodically conduct inspection of finances and taxes, strengthen financial supervision and strictly enforce financial and economic discipline so as to resolutely block the revenue malpractices of "running away from tax burdens, falsifying tax reports and evading taxation."

Efforts should be made to consolidate financial subsidies and readjust revenue distribution and the proportion of enterprises' retention of profits. Along with the development of the national economy, many formerly subsidized items

have lost their importance, and revenue distribution and retention proportions have also become irrational, resulting in a great gap between satisfaction and complaints among localities, departments and enterprises. All problems must be dealt with in a rational manner. As for products and enterprises that do not deserve to be subsidized, efforts should be made to suspend their subsidies immediately. Those which deserve to have their subsidies reduced should have their subsidies partially suspended. Products which do not deserve to enjoy exemptions anymore should again have taxes levied on them according to the provisions of the tax rate. Enterprises that enjoy an excess proportion of profit retention should be readjusted to a proper level. Those who have enjoyed duplicated retention of profits should be resolutely corrected. Communes and brigades whose members' income and food-grain retention are up to the level of levying taxes should pay agricultural taxes in line with the provisions. It must be noted that it is totally normal and necessary, on the premise of maintaining stability among the basic policies and according to changes in the situation, to revise some practical policies, to give full scope to the role of the economy as a lever and to rationally readjust the interests of the state, collectives and individuals, as well as laborers. We are convinced that, only by clearly reasoning this thing out will the broad masses of cadres and the people be able to correctly understand it and adopt a correct attitude toward it in line with the interests of the whole.

3. Strengthen the building of socialist spiritual civilization and exert efforts to upgrade communist consciousness among the entire people.

While building a highly developed material civilization, to strive to build a socialist spiritual civilization constitutes a strategic guideline for the building of socialism. Whether we uphold the guideline has a vital bearing on success or failure in our socialist cause. In his report delivered at the 11th CPC Congress, Comrade Hu Yaobang pointed out: socialist spiritual civilization is a characteristic of socialism and the vital manifestation of socialist superiority. Without this civilization, it is impossible to build socialism. People's governments at all levels should fully understand from the high plane of theory and practice the importance on building a socialist spiritual civilization, correctly discern the dialectical relationship of mutual conditions and objective between socialist material and spiritual civilizations and vigorously upgrade the consciousness of building socialist spiritual civilization. In building socialist spiritual civilization, it is imperative to achieve success in this regard with communism at its core.

Only by fostering communist ideology and keeping a firm communist conviction can we raise the level of communist ethics, mobilize the people's initiative and creativity for building socialism and effectively resist the corrosion and influence of bourgeois ideology and the various ideologies of the exploiting class. Resolutely building the spiritual civilization with communist ideology at its core and carrying forward communist spirit are consistent with the implementation of the present policies. The party's various policies are formulated under the guidance of the communist ideological system, and earnest implementation of the present socialist policies represents concrete steps toward communism. Only by vigorously developing a communist spirit can we guarantee the implementation of the present policies. The process of

implementing policies is also an important way for conducting education in communist ideology. To pit the promotion of communist spirit against the implementation of the various policies at the present stage is theoretically wrong and could be harmful if put into practice. At present, we should pay special attention to preventing "leftist" ideology from gaining ground. We should never jumble together communist spirit and egalitarianism, eating from "a common big pot" and "reckless mass actions." We must not in implementing or negate the present policies on account of conducting communist education. [as printed] Meanwhile, we should prevent rightist ideology from growing and should overcome bourgeois liberalization and the tendency of "putting money above everything else." All state functionaries should take communist ideology as their guide, enhance their understanding of the principles and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee, resolutely carry forward communist spirit and persistently implement the party's present policies.

To build the socialist spiritual civilization, we must strengthen ideological and political work. It is necessary to carry out intensive and systematic education among the vast number of cadres and people on communist ideals, convictions and ethics, the ideology of being masters of the state, collectivism, the communist attitude toward labor, socialism, patriotism and internationalism in order to foster more workers who have ideals, moral integrity and are well educated and disciplined. In strengthening ideological and political work, we must organize cadres and the masses to further study the 12th party congress documents in depth, study the new constitution, continue to run training classes well and continue to execute the rotational training of staff members and workers and the winter training of commune members. It is necessary to adopt various effective measures to develop study activities more extensively. The key to intensive study lies in integrating study with reality to solve the existing problems in our ideology and work and in guiding the masses to steel their confidence in achieving the grand goal and creating new situation in all spheres of work. We should, through this study, clear away ideological obstacles in the way of implementing policies, solve the problem of cadres being listless, daring not to come to grips with contradictions or to confront the tough with toughness. It is necessary to overcome the phenomenon of paying attention only to the interests of an area or a department to the neglect of the interests of the state. We should also overcome the one-sided mass viewpoint.

Carrying out extensive "five-stress and four-beauty" activities is an effective practice for building socialist spiritual civilization. This year our province has carried out extensive "five-stress and four-beauty" activities and has scored relatively remarkable achievements. Advanced units which put a premium on civility, politeness and sanitation are emerging in increasing numbers, as are heroic and exemplary persons who cherish the country and the collective, are willing to sacrifice their own interests for the sake of others and are so devoted to public service as to forget their own interests. A new social ethics characterized by helping one another, respecting the old and cherishing the young, solidarity and mutual aid and neighborhood accord is gradually developing. The situation of "uncleanliness, disorder and impoliteness" has been greatly changed. Governments at all levels should, on the basis of the

achievements scored, further enhance their leadership and persistently attend to carrying out these activities in a down-to-earth manner and on a long-term basis. In 1983, we should carry out the "five-stress and four-beauty" activities with the communist ideology at their [word indistinct] and stress eliminating "uncleanliness, disorder and impoliteness. It is necessary to combine shock activities with regular activities, combine the elimination of "uncleanliness, disorder and impoliteness" with the construction of urban and rural areas and combine ideological education with practical activities.

It is necessary to extensively mobilize the masses to revise or improve rules of civility and politeness, rules of conduct for peasants, staff members and workers, students, service personnel and written pledges for various trades and professions. Efforts should be made to carry out regular checks and appraisals, commend the advanced and continuously consolidate and raise the standards of this work. In eliminating "uncleanliness, disorder and impoliteness," we must pay attention to alleviating the situation with stopgap measures while vigorously getting at the root of the problem, increase investment in necessary projects and attend to the construction of public health, transportation, cultural and service facilities in a planned way. To effect a further turn for the better in the standard of social conduct, we should, in the period around the new year and Spring Festival, launch propaganda and educational activities on changing prevailing habits and customs to spread the idea of thrift, oppose lavish wining and dining, extravagant wedding parties and other lavish spending related to weddings and funerals. Efforts should be made to spread the idea of equality of the sexes, respecting the old and family harmony and to oppose the practice of discriminating against or maltreating women and old people; to advocate science and oppose such superstitious activities as consulting fortune tellers and asking for divine help; to advocate healthy cultural and recreational activities and oppose gambling and other vulgar recreational activities. All departments should closely cooperate with one another and make concerted efforts to effect a new upsurge in the activities of breaking with outmoded customs and establishing new ones.

Vigorously developing mass cultural activities and raising the educational level of the people of all nationalities represent urgent requirements of the four modernizations. They are also important tasks for building the socialist spiritual civilization. It is necessary to mobilize all sectors of the society to run classes for cadres to make up for their missed education, and to run technological training classes or classes on general knowledge for staff members and workers and rural night schools to raise the educational level of cadres and the masses. It is necessary to carry out cultural, sports and public health activities participated and organized by the masses on their own. Rural areas should pay attention to establishing cultural and physical education centers. Townships and villages which have the necessary facilities should set up theaters, libraries, reading rooms, homes for youths and homes for militiamen. Efforts should be made to restore the system of rural propagandists and the system of assigning a person to read newspapers for others. Factories, mines and enterprises should run clubs and cultural centers well and sponsor varied and colorful spare-time cultural and recreational activities as well as sports games.

Practicing family planning is a basic national policy of our country. It is an important event in building highly developed socialist spiritual and material civilizations. In his report on the Sixth 5-Year Plan, Premier Zhao Ziyang said that the natural population growth rate must be kept under 13 per thousand. To achieve this goal involves tremendous work. At present, the total number of births is at a peak in our province. This together with the relatively deep influence of outmoded conventional ideas and feudal ideology in the countryside and the implementation of the responsibility system in agricultural production has created many new situations for family planning work. Therefore, governments at all levels should further strengthen leadership over family planning work, persistently attend to "two productions" simultaneously, vigorously spread the idea of late marriage, deferred childbirth and one child for every couple, strictly control the birth of a second child and resolutely prevent the birth of a third child. Efforts should be made to mobilize the masses to take birth control measures and strive to alleviate the peak of births. While emphasizing family planning work in the countryside, we must not ignore this work in cities. In both rural areas and cities, we should uphold the policy of relying mainly on ideological education, on regular work and on contraception. It is necessary to publicize family planning policy in a thorough going manner, to change radically the feudal attitude of viewing sons as better than daughters and regarding more sons as a sign of good fortune. It is necessary to spread the idea of practicing family planning, having fewer but healthier children and bringing them up well. Efforts should be made to enhance the consciousness of the vast number of cadres and masses in practicing family planning. It is necessary to institute a responsibility system in family planning, attend to the construction of family planning propaganda networks, help and encourage grassroots cadres and activists of family planning to execute their work, pay attention to protecting baby girls and their mothers, include the implementation of family planning in the appraisal of units advanced in civility and politeness and good-in-five families and have it written into the various pledges and rules of conduct. We must, by way of conducting thoroughgoing and painstaking work, make the practice of family planning part of the conscious actions of the masses.

Reforming leading bodies and the cadre system is an important guarantee for executing the modernization program smoothly, upholding the socialist road, strengthening stability and unity and creating a new situation. This reform is an important component in the reformation of the entire system of our country. It is a revolution. In his "Report on the Restructuring of the State Council Organs" to the 22d Standing Committee meeting of the 5th NPC, Premier Zhao Ziyang pointed out: "If we do not carry out this revolution, the party's and government's policies will not be able to be fully implemented and problems of serious bureaucratic work styles and inefficiency will not be able to be genuinely overcome. In that case, our cause will go nowhere." The present state of affairs of our province's administrative organs is also quite incompatible with the requirements of creating a new situation for socialist modernization. We have serious problems with regard to excessive and overlapping organs, leading bodies composed of aging cadres, too many concurrent jobs and deputies to the chief of an office, overstaffing and low efficiency. All these problems have come to a head and the time has come that we must change

the situation. The key to the restructuring of organs is, first and foremost, the readjustment and staffing of leading bodies. If we select and appoint capable persons to head leading bodies in a good way and have a strong core of leadership, we will be able to create a new situation in our work and impress the people that everything is fresh and new. We must approach this problem from a high plane as it is decisive to the success and failure of the four modernizations. It is necessary to clear away all obstacles in the way of selecting and promoting young cadres, overcome the ideology of despising learning and intellectuals, straighten out our ideology and strengthen leadership to ensure smooth progress in this reform.

The structuring of the provincial level organs began in late November in accordance with the plan of the CPC Central Committee and the State Council on restructuring organs. A plan for the reform has been worked out in line with the guidelines of the 12th party congress and in line with the principle that the reform will help implement the party's line, principles and policies, that leading bodies will be composed of cadres who are more revolutionary, younger, better educated and more professionally competent and that the reform will help the various departments bring their functions into fuller play and it will help raise efficiency. The plan has been submitted to the State Council for approval, as is required by the stipulation of the "PRC's organic law of the local people's congresses and local people's governments." The guidelines of the PLA call for reducing overlapping leadership, abolishing overlapping organs, merging departments and bureaus that have similar functions and reducing the number of concurrent jobs, deputy chiefs and nonprofessional posts. When this plan is implemented, the existing 66 work departments of the provincial government will be reduced to about 40 and the existing 66 leading groups and temporary offices will be, in the main, abolished. Then, we will have a basically scientific setup of organs composed of a reasonable number of personnel and headed by small but efficient leading bodies. There will be clear division of duties and responsibilities among the organs after the restructuring. At present, the restructuring of the provincial level organs is well under way. The vast number of cadres and veteran cadres, in particular, have displayed a high revolutionary consciousness. Many comrades have voluntarily applied to leave their posts for convalescence, for retirement or for withdrawing to the second line. All the provincial level organs are stable ideologically, the various offices are in good order, and study, routine work and organizational restructuring are being carried out simultaneously without one aspect of the work hampering the other. Organizational restructuring should be executed in a planned and well-organized manner. The provincial level organs should strive to finish this task by the Spring Festival, and this reform should be in full swing among the prefectures, cities, counties and communes next year. The prefectural and city level organs should complete this task by the first half of 1983; the county and commune level organs should start this work in the second half of 1983. From now on we should make adequate preparations ideologically, organizationally and in our work. We believe that after this reform, which starts from the top and goes to bottom, a new situation will certainly emerge in the work of all government organs.

5. Earnestly study and implement the new constitution and strengthen the building of democracy and the legal system.

The new constitution adopted at the Fifth Session of the Fifth NPC is a constitution with peculiar Chinese characteristics which suits the needs of socialist modernization. It is the best constitution adopted since the PRC's founding. The new constitution fully embodies the spirit of the historic period of our country and represents the common desires and fundamental interests of people of all nationalities throughout the country. It is a general charter for ruling and bringing order to the country and it is also a general program guiding the people throughout the nation to carry out socialist modernization. The new constitution confirms the four cardinal principles by including it in the supreme law of the land and clearly stipulates that the fundamental task of our country is to concentrate its energies on carrying out socialist modernization, thus using the fundamental law to ensure smooth progress in various undertakings along the socialist road. The implementation of the new constitution will certainly mobilize the socialist initiative of millions upon millions of people and make our socialist motherland continuously prosper.

The promulgation of the new constitution is a major political event in the political life of the people throughout the country. Governments at all levels must organize the vast number of cadres and the masses to study the new constitution in close connection with the study and implementation of the 12th party congress guidelines. Efforts should be made to study and implement the new constitution and make the people throughout the province study the law, understand the law, abide by the law, take the constitution as the principals governing their words and deeds and struggle against all unconstitutional deeds. State functionaries should enhance their understanding of the legal system, abide by the law in an exemplary way, strictly implement the articles of the new constitution, uphold the principle that all people are equal before the law and no one may enjoy the privilege of being above the constitution and the law. The province and the various prefectures, cities, and counties should take the new constitution as the standard and conduct a general check of all local laws and regulations. All local laws and regulations that contravene the articles of the new constitution should be revised or abolished.

The new constitution draws lessons from the experiences, both positive and negative, of the past 30 years or more. It contains many new elaborations and provides many new stipulations of guarantee the people the exercise of their rights to the administration of the state to safeguard the people's democratic rights to amplify the people's democratic system of our country and strengthen the building of the legal system, thus providing a basis and pointing out a new direction for the strengthening of socialist democracy and the building of the legal system. The implementation of the new constitution will certainly enable the socialist democracy of our country to become institutionalized and embodied in laws and to enter a new stage. We must strengthen the building of socialist democracy in line with the stipulations of the new constitution, continue to reform or improve our political and leadership

systems so that the people can exercise their rights to administer the state in a better way. The people's congresses are the highest organs in which the people exercise their democratic rights. All matters that come within the jurisdiction of the people's congresses should be submitted to the congresses or their Standing Committees for discussion and approval. All decisions made by the congresses or their Standing Committees should be earnestly implemented by the governments or their work departments. They must not put off the implementation with one excuse or another or refuse to implement them. All government functionaries, regardless of their positions, are public servants of the people. They all should maintain close ties with the masses, respect their wishes, subject themselves to the criticism and supervision of the masses, and serve the people wholeheartedly. They must not abuse their offices for personal gains, benefit themselves at public expenses or infringe upon the people's democratic rights or material interests.

Efforts should be made to closely integrate the building of socialism with the building of the socialist legal system. In exercising the people's democratic dictatorship, while enforcing democracy among the people, attention should be also paid to exercising dictatorship over the people's enemies. We should correctly understand and adopt a correct attitude toward the fact that class struggle still exists in our country. We should sharply differentiate between the two types of contradictions and deal with contradictions and phenomena in society that have the character of class struggle in a down-to-earth manner. According to the provisions of the new constitution, continuous efforts should be made to deal blows at serious crimes in the economic, political and cultural fields, further consolidate social morale and achieve success in public security. Our province scored marked achievements this year in earnestly implementing the instructions issued by the CPC Central Committee and the State Council and in waging a struggle against serious economic crimes. This victory has effectively dealt blows to the arrogance of criminals, accelerated the progress of achieving a turn for the better in social morale, safeguarded smooth progress in enforcing the policy of opening to the outside world and revitalizing the economy and further upgraded the prestige of the party and the government among the masses. According to the arrangements made by the central authorities, we must carry forward the struggle to the end. At present, continuous efforts should be made to concentrate on investigating and handling major and serious cases and on thoroughly examining serious economic crimes committed by organs at provincial, prefectural and county levels and by large enterprises, establishments and units in local areas, which are run by the central and provincial authorities. All economic problems that involve cadres who are in posts above the director of county bureaus and sections should be strictly investigated. Those of the nature of economic crimes should be strictly dealt with according to the law. To achieve success in this struggle, it is imperative to pay attention to policies and, particularly, to the following two tasks: 1) attention should be paid both to dealing resolute blows at serious economic crimes and to unswervingly implementing the policy of opening to the outside world and revitalizing the domestic economy; 2) it is necessary to adopt a careful attitude toward the problems of commune-brigade-run enterprises. Except for a few serious problems that have been categorized as economic crimes, general problems may be dealt with along with consolidating commune-brigade-run enterprises.

In enhancing the buildup of democracy and the legal system, it is imperative to further consolidate public security. Over the past year, our province has done a great deal of work in this regard and achieved an obvious turn for the better in public security. However, the crimes of murder, holdup, rape and others of a serious nature are still relatively prominent, and there are occasional counterrevolutionary political crimes. The urban crimes of hooliganism, rape, and fighting are frequent; the rural crimes of illegally felling trees, looting state property and abducting women for sale are still relatively rampant. People's governments at all levels should regard the new constitution as a powerful weapon for dealing serious blows to counter-revolutionaries and serious crimes in line with the principle of giving heavy punishment to criminals in a timely manner; by selecting crimes as examples, all-out efforts should be made to conduct open trials for these cases in an effort to frighten criminals and to educate the masses. Efforts should be made to further implement the measures in various fields for consolidating public security in a comprehensive way, to establish or perfect the various forms of contracting systems in public security work, to improve the grassroots-level organizations of public security, mediation and civil affairs and to take over all guns and ammunition that are scattered in society and all explosive articles and arms so as to realistically strengthen the management of public security and successfully consolidate social order to better protect the safety of the people's lives and property and the smooth progress of achieving socialist modernization.

Fellow deputies: 1982 has successfully concluded. Nineteen eighty three is a new and important year for our country to advance its program of achieving the four modernizations. Glorious tasks faced by the people across the province this year are to implement in depth the guidelines of the 12th CPC Congress and the Fifth Session of the Fifth NPC, to earnestly study and enforce the new constitution and to make a good start in creating a new situation in all fields of socialist modernization. We must clearly know our responsibilities, foster our confidence in winning success and unswervingly implement the principle of paying simultaneous attention to both the buildup of socialist material civilization and spiritual civilization. Efforts should be made to give full scope to the intelligence and wisdom of workers, peasants and intellectuals throughout the province, to diligently study, to work hard, to unite as one, to advance bravely and to wrest new success in various fields in 1983 so as to make due contributions to fulfilling the grand target of quadrupling the industrial and agricultural output value by the end of the century.

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GENERAL

DALIAN EXEMPLIFIES LAW OF CITY LEADING COUNTRYSIDE

OW231900 Beijing XINHUA Domestic Service in Chinese 0105 GMT 18 Jan 83

[Report by XINHUA reporters Cheng Shangrong and Meng Xianjun, and XINHUA correspondent Li Fuchuan: "It Is the Law for Cities To Lead the Countryside-- Investigation of Dalian's Jurisdiction Over Counties"]

[Excerpts] In Liaoning Province, Dalian is one of the cities that have done a fairly good job in carrying out the reform of putting surrounding counties under city jurisdiction. Dalian's experience shows that an objective law for modernization in economically developed areas with a central city is to put the countryside under the leadership of the city.

1. Dalian, a fairly large city on the Liaodong Peninsula, has an urban population of 1.2 million. The annual gross value of its industrial and agricultural output exceeds 8.79 billion yuan. In the past, the trading of the large quantities of fruits, aquatic products, peanuts and other agricultural and sideline products produced in the rural areas surrounding Dalian was conducted in Dalian; and a large part of Dalian's industrial goods like textile products, industrial goods for daily use, agricultural chemicals, fertilizer and farm machinery were sold in the vast rural areas. Such economic relations were formed naturally and not by arbitrary administrative orders and therefore should not be severed artificially. However, Dalian's three neighboring counties, namely Jin, Fu and Xinjin counties, were once put under the jurisdiction of the Liaonan administrative office. Consequently, the economic ties between Dalian and these three counties were undermined, the city was separated from the rural areas and normal commodity trade was obstructed. Since there were city, prefectural and county wholesale stations between Dalian and these counties, Dalian's industrial goods could not reach the rural supply and marketing cooperatives without going through these three stations. Likewise, the rural areas' agricultural and sideline products could not be sold in the urban stores without going through these same three stations.

By comparing these historical experiences, both positive and negative, people came to realize that the system of putting counties under city jurisdiction was preferable, and so this rational administrative system was officially institutionalized in 1969 after several changes. Today five counties in Dalian's neighborhood--namely Jin, Fu, Xinjin, Zhanghe and Changhai counties--have been put under Dalian's jurisdiction.

2. As times went by, the advantages of putting counties under the jurisdiction of a city became increasingly apparent in Dalian; and such advantages have become even more noticeable since the 3d Plenary Session of the 11th CPC Central Committee. During the past 4 years, the economic structure in the rural areas of the five counties under Dalian has changed, a diversified economy has replaced the previous situation of mainly producing grain, and an increasing number of agricultural households have engaged in all kinds of specialized production. At present, over 68,100 households in these five counties are engaged in raising chickens, pigs, cattle, sheep, bees and other livestock. What used to be self-sufficient or nearly self-sufficient production in the vast rural areas has now turned into commercialized and socialized production. Confronted with this new situation, the Dalian city party committee and people's government have fully utilized the favorable condition of having five counties under its jurisdiction and, in accordance with objective economic law, made overall plans for organizing production and trade between the urban and rural areas. As a central city, it has also given full scope to its organizational role in the economic sphere. In doing this it has expedited prosperity in the vast rural areas and townships and accelerated the entire economic development.

Over the past several years, some industrial departments in Dalian have expanded their production of auxiliary industrial products and other products in the countryside, built industrial bases there and enforced city-countryside cooperation. At the same time, Dalian has also enhanced the development of production of commodities in urban and rural areas by building bases for producing industrial raw materials and nonstaple foods. To meet industrial needs, Dalian has in the past several years developed over 20,000 mu of bases in the rural areas to produce peaches, pears, apples, grapes, asparagus and tomatoes. Each year, these bases produce nearly 20,000 dun of raw materials for industrial enterprises that produce preserved fruits and alcoholic beverages. In 1981 the 100,000 mu of vegetable plots developed in the rural areas supplied 710 million jin of vegetables to urban areas. In the past, Dalian and the five adjacent counties did not have enough vegetables, had to import most of the pork they needed, and produced only 1.56 billion jin of grain a year; today they have a surplus of vegetables and produce half of the pork they need. In 1982, they produced 2.27 billion jin of grain.

To promote circulation of commodities, the boundaries between Dalian and its five affiliated counties have been eliminated and the number of intermediate links reduced. Now industrial goods can be directly shipped to the countryside; the rural supply and marketing cooperatives can directly purchase their supplies in the city; and agricultural and sideline products procured in the rural areas can also be directly delivered to the city.

Dalian's experience shows that the countryside is essential for a city's economic development, and that a city is also essential for the development of commodity economy in the rural areas. The five counties under Dalian's jurisdiction have now virtually become Dalian's outskirts. Their mutual dependence and their close ties with each other have turned them into an inseparable economic entity.

GENERAL

HUBEI'S HAN NINGFU OUTLINES PROVINCIAL TASKS

HK260222 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 25 Jan 83

[Excerpts] Comrade Han Ningfu said in his report to the provincial conference of cadres at three levels: the year 1983 is the first year after the 12th party congress proposed creating a new situation in all fields of socialist modernization, and also the first year of implementing the new constitution and striving for a long period of tranquillity in the country. We must resolutely fulfill the structural reform at provincial, prefectural and city levels and also start party rectification. We must strive for a further turn for the better in party work style, social atmosphere and social order throughout the province. Centered on improving economic results, we must ensure that the overall level of economic development in the province is higher than in 1982.

Speaking on how economic work is now further shifting to the track of centering on improving economic results, Comrade Han Ningfu said: in industrial production, stress has been put on producing goods that sell well and meet market needs, improving product quality and reducing input consumption. Economic results have been improved. Total profit of the province's industrial enterprises, after allowing for the effect of objective factors such as the great restriction on output and reduction of prices of [word indistinct] cotton cloth, showed an 11-percent rise in 1982 compared with the previous year, while total output value rose by 10.24 percent, thus maintaining a relatively high growth. Financial revenue rose by 5 percent compared with 1981. After allowing for the effect of restricting output and lowering prices of [word indistinct] cotton cloth, the revenue growth was 12.7 percent.

On the improvements in people's living standards, Comrade Han Ningfu said: In the rural areas, according to a sample survey of 948 households carried out by the provincial statistics bureau, net income per capita in 1982, including collective distribution and income from the domestic sideline occupations, may reach 260 yuan, a rise of 20 percent over the previous year. In the urban areas, due to wage readjustments at yearend plus the numbers of new workers, the total wage bill in enterprises owned by the whole people last year was 230 million yuan more than in 1981, a rise of 7.6 percent. Urban residents' housing conditions improved everywhere.

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GENERAL

BRIEFS

XINJIANG PROJECTS COMPLETED--In 1982, 20 projects of the region that were included in the national and regional reconstruction plans were completed and put into operation. Five of these projects were large- or medium-sized projects that were included in the national plan. These projects will play an important role in developing the economy of our region and in the creation of an overall new situation in our socialist construction. They were the No 3 kiln in Xinjiang Cement Factory, the exploration and exploitation of the Xinjiang oil field, the installation of the No 6 set of machines in Hongyan Thread Factory, the project to divert water from the Bosten Lake, the reforming process using platinum in Urumqi Petrochemical Factory, the Central Inspection Laboratory of the Regional Environment Protection Research Institute, Hetian Textile Mill, the power transmission line from Haishi to Artux and others. In order to ensure the smooth progress of the construction of these projects, the relevant regional departments conscientiously cooperated to ensure all the supplies of materials, goods and funds. In addition to these projects, 128,000 square meters of building were completed in 12 higher education institutes in the region. [HK181046 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 13 Jan 83 HK]

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